

Independent Auditor's Report  
on Accounting (Financial) Statements of  
**Public Joint Stock Company**  
**Rosseti Kuban**  
for 2020

February 2021

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## **Independent Auditor's Report**

To: the shareholders and the Board of Directors  
of Public Joint Stock Company  
Rosseti Kuban

### **Opinion**

We have audited the accompanying accounting (financial) statements of Public Joint-Stock Company Rosseti Kuban (hereinafter – the Company) which comprise the balance sheet as of December 31, 2020, Statement of Financial Results for 2020, and appendixes thereto.

In our opinion, the accompanying accounting (financial) statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its accounting performance and cash flows for 2020 in accordance with the accounting (financial) statements preparation rules established by the Russian Federation.

### **Basics for Opinion**

We conducted our audit in accordance with the International Standards of Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Accounting Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) accepted by the International Ethics Standards Board for Accountants (IESBA) and with the ethical requirements that are relevant to our audit of the accounting (financial) statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the accounting (financial) statements of the current period. These matters were addressed in the context of our audit of the accounting (financial) statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the accounting (financial) statements section of our report, including in relation to these matters. Accordingly, our audit included procedures designed to respond to our assessment of the risks of material misstatement of the accounting (financial) statements. The results of our audit

procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying accounting (financial) statements.

**Key audit matter**

**How the matter was addressed in our audit.**

**Recognition and measurement of revenue from electricity transmission services**

Recognition and measurement of revenue from electricity transmission services was one of the most significance in our audit due to certain mechanisms of operation of retail electricity market that stipulate presence of disagreements between network, energy supply and other companies pertaining to the volume and cost of transmitted electricity. The sum of the disputable revenue is considered as material for the accounting (financial) statements of the Company. The assessment by the Company's management of favorable outcome of the dispute resolution is, to a large extent, subjective. The revenue is recognized when, with regard of assumptions, disputes are resolved in favor of the Company.

Information on the revenue from electricity transmission services is disclosed in Clause XX of Notes to the Accounting Statements and Statement of Financial Results.

**Impairment of accounts receivable**

In our opinion, the matter of impairment of accounts receivable was one of the most significance in our audit due to significant balances of the Company's accounts receivable as of December 31, 2019 as well as due to the fact that the management estimate of collectability of the receivables is based on the assumptions, in particular, forecasting financial solvency of the Company's customers.

Information on impairment of accounts receivable is disclosed in Clause XX of Notes to the Accounting Statements and Statement of Financial Results.

We have review the Company's policy on recognizing revenue from electricity transmission services; evaluated the system of internal control over revenue recognition; reviewed the accuracy of determined revenue amounts based on concluded electricity transmission contracts; on a sample basis obtained confirmations of accounts receivable balances from the counterparties; analyzed outcomes of litigations in respect of disputed amounts for the provided services, if any; and evaluated exiting procedures for confirming the volume of transmitted electricity.

We have analyzed the adequacy of the Company's policy on reviewing accounts receivable and determining whether accounts receivables impairment allowance should be established, as well as procedures of confirming the reasonableness of the estimates made by the management of the Company, including review of accounts receivable payments, review of maturity dates and overdue debts, review of customers' financial solvency.

We have performed audit procedures in respect of information used by the Company for determining the impairment of accounts receivable, in respect of classification of accounts receivable by their maturity dates; tested accuracy of calculating the allowance on the basis of the management estimates.

**Key audit matter****How the matter was addressed in our audit.****Recognition, measurement and disclosure of provisions and contingent liabilities**

Recognition, measurement and disclosure of provisions and contingent liabilities in respect of litigations and claims of counterparties (including territorial electric grid companies and energy supply companies) were matters of the most significance in our audit because they require a lot of management judgments in respect of significant amounts of balance of payments between counterparties being in dispute in the course of litigations or in the process of pre-trial procedures.

Information on provisions and contingent liabilities are disclosed in Clause 6.15 of Notes to the Accounting Statements and Statement of Financial Results.

The audit procedures included review of court rulings made by courts of different levels, and review of adequacy of management judgments in respect of the assessment of possibility of outflow of economic resources following dispute resolutions, review of conformity of the prepared documentation with the existing contracts and compliance with the law.

**Other information included in the annual report for 2020**

Other information includes information contained in the annual report for 2020 but does not include accounting (financial) statements and our audit report on it. The Management is responsible for other information. The annual report for 2020 is expected to be provided after the date of this audit report.

Our opinion on the accounting (financial) statements does not apply to other information, and we do not provide a conclusion that provides in any form confidence in this information.

Since we are conducting our audit of the accounting (financial) statements, our responsibility to study other above-mentioned information when it is provided to us, and, in doing so, consider whether the other information is materially inconsistent with the accounting (financial) statements our knowledge obtained in the course of audit or otherwise appears to be materially misstated.

**Responsibilities of Management and the Audit Committee of the Board of Directors for the Accounting (Financial) Statements**

The Management is responsible for the preparation and fair presentation of the accounting (financial) statements in accordance with the Russian Federation accounting (financial) statements preparation rules, and for such internal control as management determines is necessary to enable the preparation of accounting statements that are free from material misstatement, whether due to fraud or error.

In preparing the accounting (financial) statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors is responsible for overseeing the preparation of the accounting (financial) statements of the Company.

### **Auditor's responsibility for the Audit of the Accounting (Financial) Statements**

Our objectives are to obtain reasonable assurance on whether the accounting (financial) statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounting (financial) statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the accounting (financial) statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the accounting statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ Evaluate the overall presentation, structure and content of the accounting (financial) statements, including the disclosures, and whether the accounting (financial) statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee of the Board of Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit

findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors of the Company, we determine those matters that were of most significance in the audit of the accounting (financial) statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Manager in charge of the audit resulting in this independent auditor's report is Kalmykova A.B.

Kalmykova A.B.  
Partner  
Ernst & Young LLC  
Krasnodar

24 February 2021

**Details of the audited entity**

Name: Public Joint-Stock Company Rosseti Kuban  
Record made in the State Register of Legal Entities on 17 September 2002; Primary state registration number 1022301427268  
Address: 2A Stavropolskaya Street, Krasnodar 350033, Russia

**Details of the auditor**

Name: Ernst & Young LLC  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: 77/1 Sadovnicheskaya naberezhnaya, Moscow 115035, Russia

Ernst & Young LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

A member firm of Ernst & Young Global Limited



										Appendix 1	
Balance sheet											
as at December 31 20 20										r.	
										Codes	
										0710001	
										31   12   2020	
Company Rosseti Kuban PJSC										OKPO 00104604	
Taxpayer Identification Number										TIN 2309001660	
Economic activity electric power transmission										OKVED 2 35.12	
Legal form/form of property											
Public Joint Stock Company / privately owned										OKOPF/OKFS 12247   16	
Unit of measurement: thousands of RUB										OKEI 384	
Registered office (address) 350033, Russian Federation, Krasnodar, 2A Stavropolskaya Street											
Financial statements are audited										V YES NO	
Name of audit organization/surname, first name, patronymic (if any) of registered auditor											
Limited Liability Company Ernst & Young											
Taxpayer Identification Number of audit organization/registered auditor										TIN 7709383532	
Primary State Registration Number of audit organization/registered auditor										PSRN / PSRNSP 1027739707203	
Note	Line item				Line code	As at December 31 2020	As at December 31 2019	As at December 31 2018			
ASSETS											
I. NON-CURRENT ASSETS											
5.1.1.-5.2.2.	Intangible assets				1110	145,514	134,682	38,621			
5.2.2.	including non-complete transactions on acquisition of intangible assets				1111	7,500	7,500	7,500			
5.2.1.-5.2.2.	Research and development results				1120	17,603	33,756	107,450			
5.2.2.	Including expenses for non-complete research and development				1121	17,603	33,756	107,450			
Intangible development assets				1130	-	-	-				
Tangible development assets				1140	-	-	-				
5.3.1.-5.3.6.	Fixed assets				1150	63,827,345	63,343,130	65,534,635			
Lands and objects of nature management				1151	136,562	136,411	136,330				
Buildings, machinery, equipment, construction				1152	59,203,156	59,270,093	50,768,189				
Other fixed assets				1153	196,617	262,534	207,553				
5.3.5.	Construction in progress				1154	3,391,998	3,069,476	10,190,196			
5.3.6. advances issued for investment building and purchase of fixed assets				1155	96,451	30,056	341,336				
raw materials intended to be used in case of fixed assets creation*				1156	802,561	574,560	891,031				
5.3.1.	Income-bearing investments in tangible assets				1160	-	-	-			
5.4.1.-5.4.3.	Financial investments				1170	31,579	39,050	37,556			
investments in subsidiary companies				1171	31,578	39,049	37,555				
investments in affiliates				1172	-	-	-				
investments in other companies				1173	1	1	1				
Loans given to companies for the period of more than 12 months				1174	-	-	-				
Financial investments				1175	-	-	-				
5.7.2.	Deferred tax assets				1180	1,020,464	888,357	857,928			
Other non-current assets				1190	253,975	291,676	130,725				
Total non-current assets				1100	65,296,480	64,730,651	63,706,915				
II. CURRENT ASSETS											
5.5.1-5.5.2.	Inventories				1210	1,910,048	1,835,632	1,861,538			
Raw materials and other equivalent supplies				1211	1,910,048	1,832,183	1,861,538				
Work-in-progress				1212	-	-	-				
Finished goods and goods for resale				1213	-	1,396	-				
Shipped goods				1214	-	2,053	-				
Other inventories and expenses				1215	-	-	-				
VAT on purchased assets				1220	19,601	2,558	2,450				
5.6.1.-5.6.4.	Accounts receivable				1230	8,547,200	7,433,109	7,057,410			
Payments expected beyond 12 months of the reporting date				1231	23,124	25,601	22,880				
Buyers and customers				123101	445	462	1,128				
Notes receivable				123102	-	-	-				
Advances issued				123103	-	-	-				
Other accounts receivable				123104	22,679	25,139	21,752				
Payments expected within 12 months of the reporting date				1232	8,524,076	7,407,508	7,034,530				
Buyers and customers				123201	7,577,874	6,610,771	6,205,537				
Notes receivable				123202	-	-	-				
Receivables from subsidiaries and affiliates for dividends				123203	-	-	-				
Receivables from participants (shareholders) for contributions to charter capital				123204	-	-	-				
Advances issued				123205	47,518	32,700	34,489				
Other accounts receivable				123206	898,684	764,037	794,504				
5.4.1-5.4.3.	Financial investments (except cash equivalents)				1240	-	-	-			
Loans given to companies for the period of less than 12 months				1241	-	-	-				
Other short-term financial investments				1242	-	-	-				
Φ.4	Cash and cash equivalents				1250	718,034	1,699,590	2,194,482			
Cash in bank				1251	-	-	-				
Current accounts				1252	718,030	1,699,590	2,194,307				
Foreign currency accounts				1253	-	-	-				
Other cash				1254	4	-	175				
Other current assets				1260	888,881	625,747	1,179,000				
Total current assets				1200	12,083,764	11,596,636	12,294,880				
BALANCE				1600	77,380,244	76,327,287	76,001,795				

Note	Line item	Line code	As at December 31	As at December 31	As at December 31
			2020	2019	2018
	<b>LIABILITIES</b>				
	<b>III. EQUITY AND RESERVES</b>				
3.1.	Charter capital (share capital, charter fund, contributions of partners)	1310	33,465,784	30,379,335	30,379,335
3.1.	Capital (before the amendments are registered)	1311	-	3,086,449	-
3.1.	Treasury shares	1320	-	-	-
5.3.1.,5.1.1.	Revaluation of non-current assets	1340	-	-	9,873,914
3.1.	Additional capital (without revaluation)	1350	6,481,916	6,481,916	6,481,916
3.1.	Capital reserve	1360	424,221	302,820	295,260
3.1.	Accumulated profit (accumulated losses)	1370	(2,542,723)	(283,379)	(12,510,296)
	of past years	1371	(1,041,445)	(2,787,062)	(12,716,403)
	of reporting period	1372	(1,501,278)	2,503,683	206,107
	Total equity and reserves	1300	37,829,198	39,967,141	34,520,129
	<b>IV. NON-CURRENT LIABILITIES</b>				
5.6.7.-5.6.8.	Borrowings	1410	17,882,922	19,432,911	13,283,239
	Bank loans subject to redemption beyond 12 months of the reporting date	1411	16,482,922	19,432,911	9,683,239
	Loans subject to redemption beyond 12 months of the reporting date	1412	1,400,000	-	3,600,000
5.7.2.	Deferred tax liabilities	1420	2,132,816	1,871,876	1,250,116
5.7.1.	Estimated liabilities	1430	-	-	-
5.6.5.-5.6.6.	Other liabilities	1450	1,514,462	1,161,583	1,248,675
	Total non-current liabilities	1400	21,530,200	22,466,370	15,782,030
	<b>V. CURRENT LIABILITIES</b>				
5.6.7.-5.6.8.	Borrowings	1510	5,553,866	3,652,592	11,395,279
	Bank loans subject to redemption within 12 months of the reporting date	1511	-	19,652	7,915,101
	Loans subject to redemption within 12 months of the reporting date	1512	5,553,866	3,632,940	3,480,178
5.6.5.-5.6.6.	Accounts payable	1520	10,763,538	8,757,713	12,883,089
	Suppliers and contractors	1521	5,936,862	5,136,188	5,238,557
	Notes payable	1522	-	-	-
	Wages payable	1523	317,117	273,713	313,073
	Debts owed to state non-budgetary funds	1524	135,442	157,086	120,710
	Taxes and dues payable	1525	771,058	642,898	606,530
	Advances received	1526	2,640,747	1,876,504	5,164,803
	Delay from participants (shareholders) in paying revenues	1527	479	453	919
	Other accounts payable	1528	961,833	670,871	1,388,497
	Unearned revenues	1530	159,854	138,274	123,239
5.7.1.	Estimated liabilities	1540	1,527,161	1,339,596	1,348,029
	Other liabilities	1550	16,427	5,601	-
	Total current liabilities	1500	18,020,846	13,893,776	25,699,636
	<b>BALANCE</b>	<b>1700</b>	<b>77,380,244</b>	<b>76,327,287</b>	<b>76,001,795</b>
Chief Executive Officer			Sergeev S.V.		
(signature)			(signature)		
Chief Accountant			Skiba I.V.		
(signature)			(signature)		
" 24 "	February	20 21			

Statement of Financial Results				
for		January-December	20	20
			Codes	
			Form of OKUD	0710002
			Date (day, month, year)	31 12 2020
Company Rosseti Kuban PJSC			OKPO	00104604
Taxpayer Identification Number			TIN	2309001660
Economic activity electric power transmission			OKVED 2	35,12
Legal form/form of property			OKOPF/OKFS	12247   16
Public Joint Stock Company/ privately owned			OKE	384
Unit of measurement: thousands of RUB				
Note	Line item	Line code	for January-December 2020	for January-December 2019
1	2	3	4	5
	Revenue	2110	49,369,580	51,003,699
	including			
	Revenue from electric power transmission	2111	48,101,880	46,515,696
	Revenue from technological connection	2112	731,309	4,206,155
	Revenue from organization of the functioning and development of Unified Energy System (UES) of Russia relating to integrated distribution power grid	2113	-	-
	Revenue from resale of electric power and capacity	2114	-	-
	Income derived from participatory interest in the charter capital of other companies	2115	-	-
	Lease revenue	2116	146,337	14,905
	Revenue from sales of other products, goods, works, services of a commercial character	2117	390,054	266,943
	Revenue from sales of other products, goods, works, services of a non-commercial character	2118	-	-
2.1.	Cost of sales	2120	(46,800,254)	(43,773,854)
	including			
	Cost of electric power transmission	2121	(45,703,738)	(42,302,088)
	Cost of technological connection	2122	(763,785)	(1,231,482)
	Cost of organization of the functioning and development of Unified Energy System (UES) of Russia relating to integrated distribution power grid	2123	-	-
	Cost resale of electric power and capacity	2124	-	-
	Cost of participatory interest in the charter capital of other companies	2125	-	-
	Cost of lease services	2126	(45,164)	(8,741)
	Cost of other products, goods, works, services of a commercial character	2127	(287,567)	(231,543)
	Cost of other products, goods, works, services of a non-commercial character	2128	-	-
	Gross profit (loss)	2100	2,569,326	7,229,845
2.1.	Selling costs	2210	-	-
2.1.	Administrative expenses	2220	(175,087)	(162,236)
	Profit (loss) from goods sold	2200	2,394,239	7,067,609
	Income derived from participatory interest in the charter capital of other companies	2310	668	635
	Interest receivable	2320	28,872	67,390
	Interest payable	2330	(1,593,371)	(1,971,069)
5.11.	Other revenues	2340	1,563,197	2,269,626
5.11.	Other expenses	2350	(3,777,891)	(3,909,428)
	Profit (loss) before tax	2300	(1,384,286)	(3,524,763)
2.3.	Profits tax	2410	(265,794)	(1,306,119)
2.3.	including current income tax	2411	(136,961)	(727,232)
2.3.	Deferred income tax	2412	(128,833)	(578,887)
2.3.	Other	2460	148,802	285039
	Net profit (loss)	2400	(1,501,278)	(2,503,683)
Note	Line item	Line code	for January-December 2020	for January-December 2019
5.1.1. 5.3.1.	<b>For reference</b>			
	Surplus on revaluation of non-current assets not included in the net profit (loss) of the period	2510	-	-
	Surplus on other operations not included in the net profit (loss) of the period	2520	-	-
	Profits tax from operations the result of which is not included in the net profit (loss) of the period	2530	-	-
	Comprehensive financial result for the period	2500	(1,501,278)	2,503,683
2.2.	Basic earnings (loss) per share	2900	-4,4860	8,0373
2.2.	Diluted earnings (loss) per share	2910	-4,4860	8,0373
Chief Executive Officer		Sergeev S.V.		
(signature)		(signature)		
Chief accountant		Skiba I.V.		
(signature)		(signature)		
" 24 "	February	20	21	

2.1. Cost of good sold, works, services according to elements of costs			
Indication		For January-December	For January-December
Line item	Line code	2020	2019
1	2	3	4
Cost of production	6510	46,800,254	43,773,854
including			
Material costs	6511	9,887,083	9,591,487
Labour costs	6512	5,269,850	4,590,159
Compulsory insurance, insurance against accidents at work and work-related diseases	6513	1,534,377	1,346,895
Amortization	6514	4,546,509	4,245,097
Miscellaneous Expenditures	6515	25,562,435	24,000,216
For reference: Changes in inventories and reserves (increase [+], decrease [-]):	6520	-	-
including			
Work-in-progress	6521	0	-
Finished products	6522	-	-
Purchased goods	6523	-	-
Goods delivered	6524	-	-
Auxiliary materials	6525	-	-
<b>Total costs of sales</b>	6500	46,800,254	43,773,854
Selling expenses	6550	-	-
including			
Material cost	6551	-	-
Labour costs	6552	-	-
Compulsory insurance, insurance against accidents at work and work-related diseases	6553	-	-
Amortization	6554	-	-
Miscellaneous Expenditures	6555	-	-
Administrative expenses	6560	175,087	162,236
including			
Material cost	6561	-	-
Labour costs	6562	27,991	17,189
Compulsory insurance, insurance against accidents at work and work-related diseases	6563	7,120	4,772
Amortization	6564	-	-
Miscellaneous Expenditures	6565	139,976	140,275
Chief Accountant	Skiba I.V.		
(signature)	(signature)		
« 24 »	February	2021	

## 2.2. Earnings Per Share, diluted earnings per share

Indication		for January-December	for January-December
Line item	Line code	2020	2019
1	2	3	4
<b>Net profit (accumulated losses) of the reporting period</b>	6610	(1,501,278)	(2,503,683)
Preferred dividends	6611		
Basic earnings (loss) of the reporting period	6612	-	-
Weighted average number of ordinary shares outstanding during the accounting period	6613	334,658	311,509
<b>Basic earnings (loss) per share</b>	6620	-4,4860	8,0373
Weighted average market value per ordinary share	6621	74	71
<b>Possible increment in profit and weighted average number of shares outstanding</b>	6630	X	X
As a result of conversion of preferred shares into ordinary shares	6631	X	X
possible increment in profit	66311	-	-
additional number of shares	66312	-	-
As a result of conversion of the bonds into ordinary shares	6632	X	X
possible increment in profit	66321	-	-
additional number of shares	66322	-	-
As a result of performance of Share Sale and Purchase Agreements at a below-market price	6633	X	X
contract purchase price	66331	-	-
possible increment in profit	66332	-	-
additional number of shares	66333	-	-
<b>Diluted Earnings per Share</b>	6640	-4,4860	8,0373
adjusted value of basic earnings	6641	(1,501,278)	(2,503,683)
adjusted value of weighted average the number of shares outstanding	6642	334,658	311,509

Chief Accountant

(signature)

Skiba I.V.

(signature)

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2.3. Profit taxation			
Line item	Line code	For 2020	For 2019
1	2	3	4
<b>Profit (loss) before tax</b>	6710	(1,384,286)	3,524,763
as well as taxed at a rate:			
20%	67101	(1,384,286)	3,524,763
other rates	67102	-	-
untaxed	67103	-	-
Permanent difference	6711	2,713,257	3,005,830
Changes in temporary subtractive differences	6712	660,534	217,430
Changes in taxable temporary differences	6713	(1,304,700)	(3,111,865)
Income Tax Expense (Potential Tax Benefit)	6721	(276,857)	704,953
Permanent tax expense (permanent tax revenue)	6722	542,651	601,166
Deferred income tax, including:	6723	(128,833)	(578,887)
Changes in deferred tax asset	67231	132,107	43,486
Changes in deferred tax liability	67232	(260,940)	(622,373)
Current corporate income tax	6725	(136,961)	(727,232)
Income tax expense (income tax benefit)	67251	(265,794)	(1,306,119)
<b>Amounts of corporate income tax for prior tax periods (according to adjusted declarations, tax inspections)</b>	6726	132,328	305,493
<b>Other tax payments and penalties from income</b>	6727	16,474	(8,010)
<b>Write-off of deferred taxes on profit and loss</b>	6728	-	(12,444)
For reference: recognition (write-off) of deferred tax assets due to the change of probability that the company will receive taxable income in subsequent reporting periods	67281	-	(12,444)
<b>Net profit (loss)</b>	6729	1,501,278	2,503,683
Chief accountant	(signature)		Skiba I.V. (signature)

Statement of Changes in Equity									
for 20 20									
								Codes	
								Form of OKUD	0710004
								Date (day, month, year)	31   12   2020
Company Rosseti Kuban PJSC								OKPO	00104604
Taxpayer Identification Number								TIN	2309001660
Economic activity electric power transmission								OKVED 2	35.12
Legal form/form of property								OKOPF/OKFS OKEI	12247   16 384
Public Joint Stock Company/ privately owned									
Unit of measurement: thousands of RUB									
3.1. Capital flows									
Line item	Line code	Charter capital	Capital (before the amendments are registered)	Treasury shares	Additional capital	Capital reserve	Retained Earnings (uncovered loss)	Total	
Capital value as at December 31, 2020	18 (1)	3100	30,379,335	-	-	16,355,830	295,260	(12,510,296)	34,520,129
For 2019	(2)								
Increase in capital – total:	3210	-	3,086,449	-	-	-	2,504,201	5,590,650	
including:									
net profit	3211	x	x	x	x	x	2,503,683	2,503,683	
revaluation of assets	3212	x	x	x		x		-	
income directly related to increase in capital	3213	x	x	x	-	x	518	518	
additional issue of shares	3214		3,086,449			x	x	3,086,449	
increase in nominal value of shares	3215	-	-	x	x	x	-	x	
reorganization of a legal entity	3216	-	-	-	-	-	-	-	
Decrease in capital - total:	3220	-	-	-	-	-	(143,638)	(143,638)	
including:									
loss	3221	x	x	x	x	x	-	-	
revaluation of assets	3222	x	x	x		x	-	-	
expenses directly related to decrease in capital	3223	x	x	x		x	-	-	
decrease in nominal value of shares	3224	-	-	-	x	x	-	-	
decrease in number of shares	3225	-	-	-	x	x	-	-	
reorganization of a legal entity	3226	-	-	-	-	-	-	-	
dividends	3227	x	x	x	x	x	(143,638)	(143,638)	
Change in additional capital	3230	x	x	x	(9,873,914)	x	9,873,914	x	
Change in capital reserve	3240	x	x	x	x	7,560	(7,560)	x	
Capital value as at December 31, 20	19 (2)	3200	30,379,335	3,086,449	-	6,481,916	302,820	(283,379)	39,967,141
For 2020	(3)								
Increase in capital – total:	3310	-	(3 086 449)	-	-	-	249	249	
including:									
net profit	3311	x	x	x	x	x		-	
revaluation of assets	3312	x	x	x		x		-	
income directly related to increase in capital	3313	x	x	x		x	249	249	
additional issue of shares	3314	3,086,449	(3 086 449)			x	x	(3 086 449)	
increase in nominal value of shares	3315			x	x	x		x	
reorganization of a legal entity	3316							-	
Decrease in capital - total:	3320	-	-	-	-	-	(2,138,192)	(2,138,192)	
including:									
loss	3321	x	x	x	x	x	(1,501,278)	(1,501,278)	
revaluation of assets	3322	x	x	x		x		-	
expenses directly related to decrease in capital	3323	x	x	x		x		-	
decrease in nominal value of shares	3324			x	x	x		-	
decrease in number of shares	3325				x	x		-	
reorganization of a legal entity	3326							-	
dividends	3327	x	x	x	x	x	(636,914)	(636,914)	
Change in additional capital	3330	x	x	x		x		x	
Change in capital reserve	3340	x	x	x	x	121,401	(121,401)	x	
Capital value as at December 31, 20	20 (3)	3300	33,465,784	-	-	6,481,916	424,221	(2,542,723)	37,829,198

3.2. Adjustments in connection with a change in accounting policy and correction of errors*					
Line item	Line code	As at December 31 2018	Change in capital for 2019		As at December 31 2019
			out of net profit (loss)	out of other factors	
<b>Capital - total</b>					
before adjustments	3400	35,238,546	2,428,011	2,943,329	40,609,886
adjustment due to:					
change in Accounting Policy	3410	(718,417)	75,672	-	(642,745)
correction of errors	3420			-	-
after adjustments	3500	34,520,129	2,503,683	2,943,329	39,967,141
including:					
Retained Earnings (uncovered loss):					
before adjustments	3401	(12,654,441)	2,428,011	10,585,796	359,366
adjustment due to:					
change in Accounting Policy	3411	144,145	75,672	(862,562)	(642,745)
correction of errors	3421	-	-	-	-
after adjustments	3501	(12,510,296)	(2,503,683)	(9,723,234)	(283,379)
other items of capital where adjustments are made					
(within the line code)					
before adjustments	3402	47,892,987	-	(7,642,467)	40,250,520
Charter capital	34021	30,379,335			30,379,335
Capital (before the amendments are registered)	340211	-		3,086,449	3,086,449
Treasury shares	34022	-	-		
Additional capital	34023	17,218,392	-	(10,736,476)	6,481,916
Capital reserve	34024	295,260	-	7,560	302,820
adjustment due to:					
change in Accounting Policy	3412	(862,562)	-	(862,562)	-
correction of errors	3422	-	-	-	-
after adjustments	3502	47,030,425	-	(6,779,905)	40,250,520



3.3. Net assets				
Line item	Line code	As at December 31	As at December 31	As at December 31
		2020	2019	2018
Net assets	3600	37,989,052	40,105,415	34,643,368
Chief Executive Officer		Sergeev S.V.		
	(signature)	(signature)		
Chief Accountant		Skiba I.V.		
	(signature)	(signature)		
" 24 "	February	20 21		

Line Item	Balance sheet line code	As at December 31 2020	As at December 31 2019	As at December 31 2018
1	2	3	4	5
<b>I. Assets</b>				
1. Intangible assets	1110	145,514	134,682	38,621
2. Research and development results	1120	17,603	33,756	107,450
3. Intangible development assets	1130	-	-	-
4. Tangible development assets	1140	-	-	-
5. Fixed assets	1150	63,827,345	63,343,130	65,534,635
6. Income-bearing investments in tangible assets	1160	-	-	-
7. Long-term and short-term investments	1170 + 1240	31,579	39,050	37,556
8. Other non-current assets <sup>2</sup>	1180+1190	1,274,439	1,180,033	988,653
9. Inventories	1210	1,910,048	1,835,632	1,861,538
10. VAT on purchased assets	1220	19,601	2,558	2,450
11. Accounts receivable <sup>3</sup>	1230	8,547,200	7,433,109	7,057,410
12. Cash and cash equivalents	1250	718,034	1,699,590	2,194,482
13. Other non-current assets <sup>1</sup>	1260	888,881	625,747	1,179,000
14. Total Assets accepted to calculation (the sum of items 1 -13)		77,380,244	76,327,287	76,001,795
<b>II. Liabilities</b>				
15. Long-term borrowings	1410	17,882,922	19,432,911	13,283,239
16. Deferred tax liabilities	1420	2,132,816	1,871,876	1,250,116
17. Estimated liabilities	1430+1540	1,527,161	1,339,596	1,348,029
18. Other long-term liabilities	1450	1,514,462	1,161,583	1,248,675
19. Short-term borrowings	1510	5,553,866	3,652,592	11,395,279
20. Accounts payable <sup>4</sup>	1520	10,763,538	8,757,713	12,883,089
21. Other short-term liabilities <sup>5</sup>	1550	16,427	5,601	-
22. Total liabilities accepted to calculation (the sum of items 15-21)		39,391,192	36,221,872	41,358,427
23. Net Asset Value of the Stock Company (total assets accepted to calculation (page 14) by deducting total liabilities accepted to calculation (page 22))		37,989,052	40,105,415	34,643,368

Chief Accountant

Skiba I.V.

(signature)

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Statement of Cash Flows			
for January-December 20 20			
Company Rosseti Kuban PJSC		Form of OKUD	0710005
Taxpayer Identification Number		Date (day, month, year)	31   12   2020
Economic activity electric power transmission		OKPO	00104601
Legal form/form of property		TIN	2309001660
Public Joint Stock Company/ privately owned		OKVED 2	35.12
Unit of measurement: thousands of RUB		OKOPF/OKFS	12247   16
		OKE	384
Line item	Line code	For 2020	For 2019
1	2	3	4
<b>Cash Flow from Operating Activities</b>			
Receipts - total	4110	40,219,495	40,021,240
including:			
from sale of products, goods, works and services	4111	39,229,479	38,862,997
including from sale of products, goods, works and services to parent, subsidiary and affiliated companies	411101	1,836	2,148
lease payments, license fees, royalties, commission charges and other similar payments	4112	101,886	29,914
including from lease payments, license fees, royalties, commission charges and other similar payments from parent, subsidiary and affiliated companies	411201	1,728	543
from resale of financial investments	4113	-	-
including from resale of financial investments to parent, subsidiary and affiliated companies	411301	-	-
other receipts	4119	888,130	1,128,329
including other receipts from parent, subsidiary and affiliated companies	411901	1,112	0
Payments - total	4120	(36,430,136)	(37,679,443)
including:			
suppliers (contractors) for raw materials, materials, works and services	4121	(24,683,632)	(24,828,071)
including to suppliers (contractors) for raw materials, materials, works and services of parent, subsidiary and affiliated companies	412101	(417,139)	(153,457)
due to employee remuneration	4122	(5,613,574)	(4,963,781)
interest on debenture	4123	(1,492,097)	(1,993,555)
including interest on debenture to parent, subsidiary and affiliated companies	412301	(42,846)	0
corporate income tax	4124	(410,086)	(388,307)
other payments	4129	(4,230,747)	(5,505,729)
including other payments to parent, subsidiary and affiliated companies	412901	(32,658)	(50,883)
Balance of cash flows from current transactions	4100	3,789,359	2,341,797
<b>Cash Flow From Investing Activities</b>			
Receipts - total	4210	170,946	463,923
including:			
from sale of non-current assets (except financial investments)	4211	1,268	2,843
including from sale of non-current assets (except financial investments) to parent, subsidiary and affiliated companies	421101	-	-
from share sale of other entities (ownership interest)	4212	-	-
including from share sale of other entities (ownership interest) to parent, subsidiary and affiliated companies	421201	-	-
from repayment of extended loans, from sale of debt securities (claims for cash against third parties)	4213	-	-
including from repayment of extended loans, from sale of debt securities (claims for cash against third parties) of parent, subsidiary and affiliated companies	421301	-	-
dividends, interest on debt financial investments and similar income from ownership interest in other entities	4214	29,449	68,486
including dividends, interest on debt financial investments and similar income from ownership interest in other entities from parent, subsidiary and affiliated companies	421401	668	635
other receipts	4219	140,229	392,594
including other receipts from parent, subsidiary and affiliated companies	421901	-	0
Payments -total	4220	(4,555,053)	(4,653,561)
including:			
due to purchase, creation, modernization, reconstruction and preparation for use of non-current assets	4221	(4,481,855)	(4,394,586)
including payments to parent, subsidiary and affiliated companies due to purchase, creation, modernization, reconstruction and preparation for use of non-current assets	422101	(370,866)	(4,171)
due to share purchase of other entities (ownership interest)	4222	-	-
including payments to parent, subsidiary and affiliated companies due to share purchase of other entities (ownership interest)	422201	-	-
due to purchase of debt securities (claims for cash against third parties), granting loans to third parties	4223	-	-
including payments to parent, subsidiary and affiliated companies due to purchase of debt securities (claims for cash against third parties), granting loans to third parties	422301	-	-
interest on debenture included in the investment asset value	4224	(18,441)	(220,410)
including interest on debenture, included in the investment asset value to parent, subsidiary and affiliated companies	422401	-	-
other payments	4229	(54,757)	(78,565)
including other payments to parent, subsidiary and affiliated companies	422901	-	(927)
Balance of cash flows from investing activities	4200	(4,384,107)	(4,229,638)

Line item	Line code	For 2020	For 2019
<b>Cash Flows from Financing Activities</b>			
Receipts - total	4310	49,963,993	25,225,092
including:			
receiving loans and borrowings	4311	49,963,993	22,138,643
<i>including receiving loans and borrowings from parent, subsidiary and affiliated companies</i>	431101	6,800,000	-
monetary contributions of owners (participants)	4312	-	-
<i>including monetary contributions of owners (participants) of parent, subsidiary and affiliated companies</i>	431201	-	-
from issue of shares, increase in ownership interest	4313	-	3,086,449
<i>including issue of shares, increase in ownership interest of parent, subsidiary and affiliated companies</i>	431301	-	3,086,449
from bond issue, promissory notes and other debt securities, etc.	4314	-	-
<i>including bond issue, promissory notes and other debt securities, etc. of parent, subsidiary and affiliated companies</i>	431401	-	-
other receipts	4319	-	-
<i>including other receipts from parent, subsidiary and affiliated companies</i>	431901	-	-
Payments - total	4320	(50,350,805)	(23,831,968)
including:			
to owners (participants) due to stock buyback (ownership interest) of their entities or their cessation of membership	4321	-	-
<i>including to owners (participants) due to stock buyback (ownership interest) of their entities or their cessation of membership of parent, subsidiary and affiliated companies</i>	432101	-	-
for payment of dividends and other payments on distribution of profits to owners (participants)	4322	(636,822)	(143,615)
<i>including for payment of dividends and other payments on distribution of profits to owners (participants) of parent, subsidiary and affiliated companies</i>	432201	(595,146)	(133,262)
in connection with payment (buyback) of promissory notes and other debt securities, buyback of loans and borrowings	4323	(49,713,983)	(23,688,353)
<i>including due to payment (buyback) of promissory notes and other debt securities, buyback of loans to parent, subsidiary and affiliated companies</i>	432301	-	-
other payments	4329	-	-
<i>including other payments to parent, subsidiary and affiliated companies</i>	432901	-	-
Balance of cash flows from financing activities	4300	(386,812)	(1,393,124)
<b>Balance of cash flows for the reporting period</b>	<b>4400</b>	<b>(981,560)</b>	<b>(494,717)</b>
<b>Cash balance and cash equivalents as of the beginning of the reporting period</b>	<b>4450</b>	<b>(1,699,590)</b>	<b>(2,194,307)</b>
<b>Cash balance and cash equivalents at the end of the reporting period</b>	<b>4500</b>	<b>(718,030)</b>	<b>(1,699,590)</b>
Effect of exchange rate of foreign currency changes against the ruble	4490	-	-
Chief Executive Officer	Sergeev S.V.	Chief Accountant	Skiba I.V.
(signature)	(signature)	(signature)	(signature)
" 24 "	February	20 21	

5.1. Intangible assets																			
5.1.1. The existence of intangible assets and intangible assets turnover																			
Indication				At the start of the year					Changes for period							At the end of the period			
Line item	Line code	Period	Original// current market value	Accumulated amortization	Impairment losses	Residual value	Increase	Decrease			Accumulated amortization	Impairment losses	Revaluation		Original// current market value	Accumulated amortization	Original// current market value	Accumulated amortization	Residual value
								Original// current market value	Accumulated amortization	Impairment losses			Original// current market value	Accumulated amortization					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Intangible assets - total	5100	for 2020	164,510	(37,328)	-	127,182	55,836	(1,770)	1,770	-	(45,004)	-	-	-	218,576	(80,562)	-	(138,014)	
	5110	for 2019	59,493	(28,372)	-	31,121	113,313	(8,926)	8,296	-	(17,252)	-	-	-	164,510	(37,328)	-	127,182	
	5101	for 2020	124,345	(25,972)	-	98,373	55,836	-	-	-	-	(34,244)	-	-	180,181	(60,216)	-	119,965	
Intellectual property objects (exclusive rights for the results of intellectual property) including:  at patent owner for inventions, industrial sample, utility model  at the right holder for the computer software, database  at trademark owner, owner of a service mark, Protected Designation of Origin	5111	for 2019	30,056	(14,141)	-	15,915	92,381	1,908	-	-	(11,831)	-	-	124,345	(25,972)	-	98,373		
	51011	for 2020	24,479	(3,581)	-	20,898	-	-	-	-	(4,138)	-	-	24,479	(7,719)	-	16,760		
	51111	for 2019	7,579	(1,911)	-	5,668	14,812	1,908	-	-	(1,610)	-	-	24,479	(3,581)	-	20,898		
	51012	for 2020	99,674	(22,244)	-	77,430	55,836	-	-	-	(30,083)	-	-	155,510	(52,327)	-	103,183		
	51112	for 2019	22,105	(12,105)	-	10,000	77,569	-	-	-	(10,139)	-	-	99,674	(22,244)	-	77,430		
	51013	for 2020	192	(147)	-	45	-	-	-	-	(23)	-	-	192	(170)	-	22		
	51113	for 2019	192	(125)	-	67	-	-	-	-	(22)	-	-	192	(147)	-	45		
	5102	for 2020	40,165	(11,356)	-	28,809	-	(1,770)	1,770	-	(10,760)	-	-	38,395	(20,346)	-	18,049		
	5112	for 2019	29,437	(14,231)	-	15,206	20,932	(10,204)	8,296	-	(5,421)	-	-	40,165	(11,356)	-	28,809		
Other																			



5.2.2. Incomplete and unexecuted R&D and incomplete operations on purchase of intangible assets							
Line item	Line code	Period	At the start of the year	Changes for period			At the end of the year
				Expenses for period	Costs written-off that had not given positive results	Accepted for recording as intangible assets and R&D	
1	2	3	4	5	6	7	8
Expenses for non-complete research and development - total	5160	for 20 20	33,756	39,683	-	(55 836)	17,603
including:	5170	for 20 19	107,450	45,163	-	(118 857)	33,756
Patentable results of performed R&D	5161	for 20 20	33,756	39,683	-	(55 836)	17,603
Other	5171	for 20 19	91,424	38,244	-	(95 912)	33,759
	5162	for 20 20	-	-	-	-	-
	5172	for 20 19	16,026	6,919	-	(22 945)	-
Incomplete operations on purchase of intangible assets - total	5180	for 20 20	7,500		-	-	7,500
	5190	for 20 19	7,500		-	-	7,500
including:							
at patent owner of inventions, industrial sample, utility model	5181	for 20 20	-	-	-	-	-
	5191	for 20 19	-	-	-	-	-
at the right holder for the computer software, database	5182	for 20 20	-	-	-	-	-
	5192	for 20 19	-	-	-	-	-
at trademark owner, owner of a service mark, Protected Designation of Origin	5183	for 20 20	-	-	-	-	-
	5193	for 20 19	-	-	-	-	-
Other	5184	for 20 20	7,500	-	-	-	7,500
	5194	for 20 19	7,500	-	-	-	7,500

5.3. Fixed assets

5.3.1. The existence and movement of fixed assets

Line item	Line code	Period	At the start of the year			Changes for period						At the end of the year		
			Historical cost	Accumulated amortization	Residual value	Increase		Decrease		Amortization charged	Revaluation		Historical cost	Accumulated amortization
						Historical cost	Accumulated amortization of received objects	Historical cost	Accumulated amortization		Historical cost	Accumulated amortization		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Fixed assets (excluding interest-bearing investments in material valuables) - total	5200	for 2020	122,486,882	(62,817,844)	59,669,038	4,410,388	(80)	(177,884)	162,219	(4,527,346)	-	-	126,719,386	(67,183,051)
	5210	for 2019	110,059,759	(58,947,687)	51,112,072	12,836,270	(1,145)	(409,147)	377,301	(4,246,313)	-	-	122,486,882	(62,817,844)
Including:														
Depreciable fixed assets - total:	5201	for 2020	122,350,471	(62,817,844)	59,532,627	4,410,237	(80)	(177,884)	162,219	(4,527,346)	-	-	126,582,824	(67,183,051)
	5211	for 2019	109,923,429	(58,947,687)	50,975,742	12,836,165	(1,145)	(409,123)	377,301	(4,246,313)	-	-	122,350,471	(62,817,844)
Including:														
industrial buildings	52011	for 2020	11,846,747	(5,506,083)	6,340,664	144,729	-	(20,468)	18,765	(224,301)	-	-	11,917,008	(5,711,619)
	52111	for 2019	10,968,932	(5,370,420)	5,598,512	970,325	-	(92,510)	77,809	(213,472)	-	-	11,846,747	(5,506,083)
constructions, except transmission lines	52012	for 2020	3,723,334	(1,484,176)	2,237,158	221,057	-	(4,078)	4,033	(191,466)	-	-	3,940,313	(1,673,609)
	52112	for 2019	2,985,463	(1,317,231)	1,668,232	740,303	3,522	(2,432)	1,478	(173,945)	-	-	3,723,334	(1,486,176)
transmission lines and its devices	52013	for 2020	52,969,962	(18,837,516)	34,132,446	2,248,456	-	(35,659)	27,148	(2,021,438)	-	-	55,182,759	(20,831,806)
	52113	for 2019	46,611,098	(16,925,968)	29,685,130	6,409,125	4	(50,261)	38,332	(1,949,884)	-	-	52,969,962	(18,837,516)
machinery and equipment for production of electrical energy, electrical substations, equipment for electrical energy transformation	52014	for 2020	44,638,454	(30,820,430)	13,818,024	1,278,316	-	(81,716)	79,160	(1,431,804)	-	-	45,835,054	(32,173,074)
	52114	for 2019	41,149,569	(29,520,286)	11,629,283	3,528,656	(4,555)	(39,711)	39,410	(1,335,099)	-	-	44,638,454	(30,820,430)
production and household inventory	52015	for 2020	47,110	(41,833)	5,277	-	-	(308)	308	(1,378)	-	-	46,802	(42,903)
	52115	for 2019	47,883	(40,870)	7,013	45	-	(818)	801	(1,764)	-	-	47,110	(41,833)
other	52016	for 2020	9,124,864	(6,125,806)	2,999,058	517,679	(80)	(36,555)	32,805	(656,959)	-	-	9,606,888	(6,750,040)
	52116	for 2019	8,160,484	(5,722,912)	2,387,572	1,187,711	(216)	(223,331)	219,471	(572,149)	-	-	9,124,864	(6,125,806)



unlimited useful life of fixed assets that are not subject to depreciation - total	5202	for 2020	136,411	-	136,411	151	-	-	-	-	-	-	-	-	-	-	136,562	-	136,562	-	136,562	-	136,411	-	136,411
	5212	for 2019	136,330	-	136,330	105	-	(24)	-	-	-	-	-	-	-	-	136,411	-	136,411	-	136,411	-	136,411	-	136,411
including:																									
Lands	52021	for 2020	136,411	-	136,411	151	-	-	-	-	-	-	-	-	-	-	136,562	-	136,562	-	136,562	-	136,411	-	136,411
	52121	for 2019	136,330	-	136,330	105	-	(24)	-	-	-	-	-	-	-	-	136,411	-	136,411	-	136,411	-	136,411	-	136,411
objects of nature management	52022	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	52122	for 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital investments in fundamental improvement of lands	5203	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5213	for 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounted as a part of interest-bearing investments in material valuables - total	5220	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5230	for 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
including:																									
Property for lease	5221	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5231	for 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property provided under lease agreement	5222	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5232	for 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**5.3.3. Change in fixed assets value as a result of further construction, further equipping, reconstruction and partial liquidation**

Line item	Line code	For 2020	For 2019
1	2	3	4
Increase in fixed assets value as a result of further construction, further equipping, reconstruction - total	5260	1,439,482	1,344,731
including:			
industrial buildings	5261	1,767	8,769
constructions except transmission	5262	4,397	7,926
transmission lines and its devices	5263	1,408,693	1,263,933
machinery and equipment for production of electrical energy, electrical substations, equipment for electrical energy transformation	5264	19,640	60,496
production and household inventory	5265	-	-
other	5266	4,985	3,607
Decrease in fixed assets value as a result of partial liquidation- total:	5270	(30,916)	(33,948)
including:			
industrial buildings	5271	-	-
constructions except	5272	-	-
transmission lines and its devices	5273	(30,640)	(33,599)
machinery and equipment for production of electrical energy, electrical substations, equipment for electrical energy transformation	5274	(195)	(284)
production and household inventory	5275	-	-
other	5276	(81)	(65)

5.3.4. Other usage of fixed assets				
Line item	Line code	As at December 31	As at December 31	As at December 31
		2020	2019	2018
1	2	3	4	5
Leased out fixed assets that are recorded on the balance sheet	5280	105,041	173,122	81,084
Leased out fixed assets that are not recorded on the balance sheet	5281	-	-	-
Fixed asset acquired by leasing that are recorded on the balance sheet	5282	-	-	-
Fixed assets acquired by leasing that are not recorded on the balance sheet	5283	20,181,738	3,820,737	3,092,597
Real estate accepted for operation and in use undergoing the state registration	5284	3,385,515	5,945,647	3,261,112
Preparing Fixed Assets for Mothballing	5285	10,115	20,125	20,125
Other usage of fixed assets (pawn and others)	5286	-	-	-



5.4. Financial investments											
5.4.1. The existence and turnover of financial investments											
Line item	Line code	Period	At the start of the year		Changes for period					At the end of the period	
			Historical cost	Accumulated adjustment	Increase	Decrease (redeemed)		Accrual of interests (including bringing historical value to nominal value)	Current market value (losses from impairment)	Historical cost	Accumulated adjustment
						Historical cost	Accumulated adjustment				
1	2	3	4	5	6	7	8	9	10	11	12
Long-term financial investments - total	5301	for 20 20	45,690	(6,640)	-	-	-	-	(7,471)	45,690	(14,111)
	5311	for 20 19	45,690	(8,134)	-	-	-	-	1,494	45,690	(6,640)
Contributions to the charter (share) capitals of other companies - total	53021	for 20 20	45,690	(6,640)	-	-	-	-	(7,471)	45,690	(14,111)
	53121	for 20 19	45,690	(8,134)	-	-	-	-	1,404	45,690	(6,640)
including:											
Subsidiary Business Entities	530211	for 20 20	45,687	(6,638)	-	-	-	-	(7,471)	45,687	(14,109)
	531211	for 20 19	45,687	(8,132)	-	-	-	-	1,494	45,687	(6,638)
Dependent Business Companies	530212	for 20 20	-	-	-	-	-	-	-	-	-
	531212	for 20 19	-	-	-	-	-	-	-	-	-
other	530213	for 20 20	3	(2)	-	-	-	-	-	3	(2)
	531213	for 20 19	3	(2)	-	-	-	-	-	3	(2)
Federal and municipal securities	53022	for 20 20	-	-	-	-	-	-	-	-	-
	53122	for 20 19	-	-	-	-	-	-	-	-	-
Securities of other organizations - total	53023	for 20 20	-	-	-	-	-	-	-	-	-
	53123	for 20 19	-	-	-	-	-	-	-	-	-
including:											
debt securities (bonds, promissory notes)	530231	for 20 20	-	-	-	-	-	-	-	-	-
	531231	for 20 19	-	-	-	-	-	-	-	-	-
Loans given	53024	for 20 20	-	-	-	-	-	-	-	-	-
	53124	for 20 19	-	-	-	-	-	-	-	-	-
Certificates of deposit	53025	for 20 20	-	-	-	-	-	-	-	-	-
	53125	for 20 19	-	-	-	-	-	-	-	-	-
Other	53026	for 20 20	-	-	-	-	-	-	-	-	-
	53126	for 20 19	-	-	-	-	-	-	-	-	-
Long-term financial investments, having current market value - total	5302	for 20 20	-	-	-	-	-	-	-	-	-
	5312	for 20 19	-	-	-	-	-	-	-	-	-
Contributions to the charter (share) capitals of other companies - total	53031	for 20 20	-	-	-	-	-	-	-	-	-
	53131	for 20 19	-	-	-	-	-	-	-	-	-
including:											
Subsidiary Business Entities	530311	for 20 20	-	-	-	-	-	-	-	-	-
	531311	for 20 19	-	-	-	-	-	-	-	-	-
Dependent Business Companies	530312	for 20 20	-	-	-	-	-	-	-	-	-
	531312	for 20 19	-	-	-	-	-	-	-	-	-
Other	530313	for 20 20	-	-	-	-	-	-	-	-	-
	531313	for 20 19	-	-	-	-	-	-	-	-	-
Federal and municipal securities	53032	for 20 20	-	-	-	-	-	-	-	-	-
	53132	for 20 19	-	-	-	-	-	-	-	-	-
securities of other organizations - total	53033	for 20 20	-	-	-	-	-	-	-	-	-
	53133	for 20 19	-	-	-	-	-	-	-	-	-
including:											
debt securities (bonds, promissory notes)	530331	for 20 20	-	-	-	-	-	-	-	-	-
	531331	for 20 19	-	-	-	-	-	-	-	-	-
Other	53034	for 20 20	-	-	-	-	-	-	-	-	-
	53134	for 20 19	-	-	-	-	-	-	-	-	-
Long-term financial investments, where the current market value is not determined - total	5303	for 20 20	45,690	(6,640)	-	-	-	-	(7,471)	45,690	(14,111)
	5313	for 20 19	45,690	(8,134)	-	-	-	-	1,494	45,690	(6,640)

5.4. Financial investments												
5.4.1. The existence and turnover of financial investments (continuation)												
Line item	Line code	Period	At the start of the year		Increase	Changes for period			Current market value (losses from impairment)	At the end of the year		
			Historical cost	Accumulated adjustment		Decrease (redeemed)	Accrual of interests (including bringing historical value to nominal value)	Historical cost		Accumulated adjustment		
1	2	3	4	5	6	7	8	9	10	11	12	
Short-term financial investments - total	5305	for 20 20	-	-	-	-	-	-	-	-	-	
	5315	for 20 19	-	-	-	-	-	-	-	-	-	
	53061	for 20 20	-	-	-	-	-	-	-	-	-	
	53161	for 20 19	-	-	-	-	-	-	-	-	-	
Federal and municipal securities	53062	for 20 20	-	-	-	-	-	-	-	-	-	
	53162	for 20 19	-	-	-	-	-	-	-	-	-	
Securities of other organizations - total	53063	for 20 20	-	-	-	-	-	-	-	-	-	
	53163	for 20 19	-	-	-	-	-	-	-	-	-	
including:												
debt securities (bonds, promissory notes)	530631	for 20 20	-	-	-	-	-	-	-	-	-	
	531631	for 20 19	-	-	-	-	-	-	-	-	-	
Loans given	53064	for 20 20		-	-	-	-	-	-	-	-	
	53164	for 20 19	-	-	-	-	-	-	-	-	-	
Certificates of deposit	53065	for 20 20	-	-	-	-	-	-	-	-	-	
	53165	for 20 19	-	-	-	-	-	-	-	-	-	
Other	53066	for 20 20	-	-	-	-	-	-	-	-	-	
	53166	for 20 19	-	-	-	-	-	-	-	-	-	



#### 5.4.2. Adjustments of estimates of financial investments

Indication		At the start of the year	Changes for period			At the end of the period
Line item	Line code		Increase	Decrease	Retirement of financial investments	
1	2	3	4	5	6	7
<b>Long-term financial investments</b>	7100	(6,640)	(7,571)	100	-	(14,111)
Difference between the current market value of financial investments and their initial estimate	7110	-	-	-	-	-
<i>including:</i>						
Contributions to the charter (share) capitals of other companies - total	7111	-	-	-	-	-
<i>including:</i>						
Subsidiary Business Entities	71111	-	-	-	-	-
Dependent Business Companies	71112	-	-	-	-	-
other	71113	-	-	-	-	-
Federal and municipal securities	7112	-	-	-	-	-
Securities of other organizations - total	7113	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, promissory notes)	71131	-	-	-	-	-
Other	7114	-	-	-	-	-
Difference between the current value of debt securities and their original cost	7120	-	-	-	-	-
<i>including:</i>						
Securities of other organizations - total	7121	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, promissory notes)	71211	-	-	-	-	-
Other	7122	-	-	-	-	-
Provision for impairment of financial investments, where the market value is not determined	7130	(6,640)	(7,571)	100	-	(14,111)
<i>including:</i>						
Contributions to the charter (share) capitals of other companies - total	7131	(6,640)	(7,571)	100	-	(14,111)
<i>including:</i>						
Subsidiary Business Entities	71311	(6,638)	(7,571)	100	-	(14,109)
Dependent Business Companies	71312	-	-	-	-	-
other	71313	(2)	-	-	-	(2)
Federal and municipal securities	7132	-	-	-	-	-
Securities of other organizations - total	7133	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, promissory notes)	71331	-	-	-	-	-
Loans given	7134	-	-	-	-	-
Certificate of deposit	7135	-	-	-	-	-
Other	7136	-	-	-	-	-



<b>Short-term financial investments</b>	7200	-	-	-	-	-
Difference between the current market value of financial investments and their initial estimate, where the value is determined	7210	-	-	-	-	-
<i>including:</i>						
Contributions to the charter (share) capitals of other companies - total	7211	-	-	-	-	-
<i>including:</i>						
Subsidiary Business Entities	72111	-	-	-	-	-
Dependent Business Companies	72112	-	-	-	-	-
other	72113	-	-	-	-	-
Securities of other organizations - total	7212	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, promissory notes)	72121	-	-	-	-	-
Other	7213	-	-	-	-	-
Difference between the current value of debt securities and their original cost	7220	-	-	-	-	-
<i>including:</i>						
Securities of other organizations - total	7221	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, promissory notes)	72211	-	-	-	-	-
Other	7222	-	-	-	-	-
Provision for impairment of financial investments, without market value	7230	-	-	-	-	-
<i>including:</i>						
Contributions to the charter (share) capitals of other companies - total	7231	-	-	-	-	-
<i>including:</i>						
Subsidiary Business Entities	72311	-	-	-	-	-
Dependent Business Companies	72312	-	-	-	-	-
other	72313	-	-	-	-	-
Federal and municipal securities	7232	-	-	-	-	-
Securities of other rganizations - total	7233	-	-	-	-	-
<i>including:</i>						
debt securities (bonds, promissory notes)	72331	-	-	-	-	-
Loans given	7234	-	-	-	-	-
Certificate of deposit	7235	-	-	-	-	-
Other	7236	-	-	-	-	-

## 5.5. Inventories

### 5.5.1. The existence of inventory and inventory turnover

Line item	Line code	Period	At the start of the period		Changes for period				Inventory turnover between inventory groups (types of inventory)	At the end of the period	
			prime cost	Reserve amount for impairment of value	Income and expenses	Decrease prime cost	Reserve amount for impairment of value	Impairment loss		Prime cost	Reserve amount for impairment of value
1	2	3	4	5	6	7	8	9	10	11	12
Inventory - total	5400	for 20 20	1,844,114	(8,482)	2,866,343	(2,795,779)	6,010	(2,158)	X	1,914,678	(4,630)
	5420	for 20 19	1,869,872	(8,334)	2,972,336	(2,998,094)	2,638	(2,786)	X	1,844,114	(8,482)
	5401	for 20 20	1,840,665	(8,482)	2,867,955	(2,793,942)	6,010	(2,158)	-	1,914,678	(4,630)
	5421	for 20 19	1,869,872	(8,334)	2,965,255	(2,994,462)	2,638	(2,786)	-	1,840,665	(8,482)
Work in progress	5402	for 20 20	-	-	-	-	-	-	-	-	-
	5422	for 20 19	-	-	-	-	-	-	-	-	-
Goods delivered	5403	for 20 20	2,053	-	(2,053)	-	-	-	-	-	-
	5423	for 20 19	-	-	2,053	-	-	-	-	2,053	-
Finished products and goods	5404	for 20 20	1,396	-	441	(1,837)	-	-	-	0	-
	5424	for 20 19	-	-	5,028	(3,632)	-	-	-	1,396	-
Other inventories and expenses	5405	for 20 20	-	-	-	-	-	-	-	-	-
	5425	for 20 19	-	-	-	-	-	-	-	-	-

5.6 Accounts Receivable and Accounts Payable														
5.6.1. The existence and turnover of accounts receivable														
Line item	Line code	Period	At the start of the year		Changes for period								At the end of the period	
			Accounted under the terms and conditions of the contract	Reserve amount for doubtful debts	As a result of business transactions (amount of debt under the deal of operation)	Inflow Interest payable, penalties and other accruals	Reserve accrual	Repayment	Retirement Written-off of the previous accrued reserve	Write-off to financial result	Provision recovery	Transferring from long-term debt to short-term debt	Accounted under the terms and conditions of the contract	Reserve amount for doubtful debts
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Non-current accounts receivable</b>	5501	for 20 20	25,601	-	13,465	-	-	(910)	-	-	-	(15,032)	23,124	-
<b>total</b>	5521	for 20 19	22,880	-	17,606	-	-	(128)	-	-	-	(14,757)	25,601	-
including:														
Settlements with buyers and customers	5502	for 20 20	462	-	1,111	-	-	-	-	-	-	(1,128)	445	-
	5522	for 20 19	1,128	-	0	-	-	-	-	-	-	(666)	462	-
including:														
on electric power transmission	55021	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55221	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
on technological connection	55022	for 20 20	462	-	-	-	-	-	-	-	-	(462)	-	-
	55222	for 20 19	1,128	-	-	-	-	-	-	-	-	(666)	462	-
on organization of the functioning and development of unified energy system (UES) of Russia relating to integrated distribution power grid	55023	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55223	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
on resale of electric power and capacity	55024	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55224	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
on rental income	55025	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55225	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
on others	55026	for 20 20	-	-	1,111	-	-	-	-	-	-	(666)	445	-
	55226	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
Advances issued	5503	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	5523	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	5504	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	5524	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	5505	for 20 20	25,139	-	12,354	-	-	(910)	-	-	-	(13,904)	22,679	-
	5525	for 20 19	21,752	-	17,606	-	-	(128)	-	-	-	(14,091)	25,139	-
including:														
non-interest promissory notes	55051	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55251	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
on others	55052	for 20 20	25,139	-	12,354	-	-	(910)	-	-	-	(13,904)	22,679	-
	55252	for 20 19	21,752	-	17,606	-	-	(128)	-	-	-	(14,091)	25,139	-
<b>Out of the total amount of non-current accounts receivable</b>	5506	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	5526	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
receivables from subsidiaries	55061	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55261	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
receivables from affiliates	55062	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55262	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
<b>Short-term accounts receivable</b>	5510	for 20 20	9,124,826	(1,717,318)	2,644,719	-	(533,789)	(1,237,845)	(31,582)	(395)	228,846	15,032	10,514,755	(1,990,679)
<b>total</b>	5530	for 20 19	8,762,836	(1,728,306)	1,449,920	-	(307,659)	(1,072,332)	(23,171)	(7,184)	295,476	14,757	9,124,826	(1,717,318)
including:														
Settlements with buyers and customers	5511	for 20 20	7,683,125	(1,072,354)	(1,987,776)	-	(396,618)	(797,039)	(15,650)	-	171,856	1,128	8,859,340	(1,281,466)
	5531	for 20 19	7,312,143	(1,106,606)	(866,805)	-	(60,332)	(490,723)	(5,776)	-	88,818	666	7,683,125	(1,072,354)
including:														
on electric power transmission	55111	for 20 20	7,381,313	(1,032,468)	1,703,590	-	(296,752)	(536,367)	(2,011)	-	167,153	-	8,546,525	(1,160,056)
	55311	for 20 19	7,168,195	(1,076,834)	676,925	-	(45,527)	(458,097)	(5,710)	-	84,183	-	7,381,313	(1,032,468)
on technological connection	55112	for 20 20	65,820	(37,546)	9,433	-	(7,450)	(24,366)	(13,625)	-	4,005	462	37,824	(27,466)
	55312	for 20 19	58,731	(29,716)	33,431	-	(12,465)	(27,008)	-	-	4,635	666	65,820	(37,456)
on organization of the functioning and development of unified energy system (UES) of Russia relating to integrated distribution power grid	55113	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55313	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
on resale of electric power and capacity	55114	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55314	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
on rental income	55115	for 20 20	2,748	(216)	58,321	-	(25,161)	(3,664)	(1)	-	166	-	57,404	(25,210)
	55315	for 20 19	3,038	-	1,687	-	(216)	(1,977)	-	-	-	-	2,748	(216)
on others	55116	for 20 20	233,244	(2,124)	216,432	-	(67,255)	(232,642)	(113)	-	532	666	217,587	(68,734)
	55316	for 20 19	82,179	(56)	154,762	-	(2,124)	(3,641)	(56)	-	-	-	233,244	(2,124)
Advances issued	5512	for 20 20	37,679	(4,979)	31,063	-	(35)	(17,169)	(50)	-	1,019	-	51,523	(4,005)
	5532	for 20 19	39,843	(5,354)	19,413	-	(548)	(21,393)	(83)	(101)	840	-	37,679	(4,979)
Notes receivable	5513	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	5533	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from participants (shareholders) for contributions to charter capital	5514	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	5534	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from subsidiaries and affiliates for dividends	5515	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	5535	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	5516	for 20 20	1,404,022	(639,985)	625,880	-	(137,076)	(423,637)	(15,882)	(395)	55,971	13,904	1,603,892	(705,208)
	5536	for 20 19	1,410,850	(616,346)	563,702	-	(246,779)	(560,216)	(17,322)	(7,083)	205,818	14,091	1,404,022	(639,985)
including:														
non-interest promissory notes	55161	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55361	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
overpayment on taxes and dues	55162	for 20 20	234,631	-	127,744	-	-	(6,280)	-	(141)	-	-	355,954	-
	55362	for 20 19	274,443	-	8,565	-	-	(48,377)	-	-	-	-	234,631	-
disposal of property	55163	for 20 20	44,028	-	3,352	-	(35,494)	(10,203)	-	-	-	3,680	40,857	(35,494)
	55363	for 20 19	43,375	-	981	-	-	(880)	-	(44)	-	596	44,028	-
other	55164	for 20 20	1,125,363	(639,985)	494,784	-	(101,582)	(407,154)	(15,882)	(254)	55,971	10,224	1,207,081	(669,714)
	55364	for 20 19	1,093,032	(616,346)	554,156	-	(246,779)	(510,959)	(17,322)	(7,039)	205,818	13,495	1,125,363	(639,985)
<b>Out of the total amount of short-term accounts receivable</b>	5517	for 20 20	38	-	12,215	-	-	(38)	-	-	-	-	12,215	-
	5537	for 20 19	260	-	-	-	-	(222)	-	-	-	-	38	-
receivables from subsidiaries	55171	for 20 20	38	-	12,215	-	-	(38)	-	-	-	-	12	-
	55371	for 20 19	260	-	-	-	-	(222)	-	-	-	-	38	-
receivables from affiliates	55172	for 20 20	-	-	-	-	-	-	-	-	-	-	-	-
	55372	for 20 19	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	5500	for 20 20	9,150,427	(1,717,318)	(2,658,184)	-	(533,789)	(1,238,755)	(31,582)	(395)	(228,846)	-	10,537,879	(1,990,679)
	5520	for 20 19	8,785,716	(1,728,306)	(1,467,526)	-	(307,659)	(1,072,460)	(23,171)	(7,184)	(295,476)	-	9,150,427	(1,717,318)

5.6.3. Overdue accounts receivable							
Line item	Line code	As at December 31, 2020		As at December 31, 2019		As at December, 2018	
		Accounted under the terms and conditions of the contract	Carrying value (less the reserve for doubtful debts)	Accounted under the terms and conditions of the contract	Carrying value (less the reserve for doubtful debts)	Accounted under the terms and conditions of the contract	Carrying value (less the reserve for doubtful debts)
1	2	3	4	5	6	7	8
Payments expected within 12 months of the reporting date	564	4,310,833	2,645,352	3,167,474	1,673,160	2,284,107	848,194
including:							
buyers and customers, including	5641	3,205,125	2,248,111	2,347,946	1,497,998	1,430,530	615,718
on electric power transmission	56411	3,044,095	2,209,092	2,257,021	1,446,811	1,378,243	593,202
on technological connection	56412	36,480	9,014	47,937	10,390	46,601	16,885
on organization of the functioning and development of unified energy system (UES) of Russia relating to integrated distribution power grid	56413	-	-	-	-	-	-
on resale of electric power and capacity	56414	-	-	-	-	-	-
on rental income	56415	44,425	19,215	763	546	1,715	1,715
on other issues	56416	80,125	11,390	42,225	40,251	3,971	3,916
notes receivable	5642	-	-	-	-	-	-
Receivables from subsidiaries and affiliates for dividends	5643	-	-	-	-	-	-
Receivables from participants (shareholders) for contributions to charter capital	5644	-	-	-	-	-	-
Advances issued	5645	12,392	8,386	4,552	170	5,987	1,231
Other accounts receivable	5646	1,093,316	388,255	814,976	174,992	847,590	231,245
Chief accountant		signature		Skiba I.V. signature			
(1) - the reporting date of the reporting period is indicated							
(2) - the prior period is indicated							
(3) - year, prior to preceding year is indicated							

## 5.6.5. The existence and turnover of accounts payable

Line item	Line code	Period	Opening balance	Changes for period					Ending balance
				Inflow		Retirement		Transferring from long-term debt to short-term debt	
				As a result of business transactions (amount of debt under the deal of operation)	Interest accrued, penalties and other accruals	Repayment	Write-off to financial result		
1	2	3	4	5	6	7	8	9	10
Long-term accounts payable - total	5551	for 20 20	1,161,583	1,401,569	-	(553)	-	(1,048,137)	1,514,462
	5571	for 20 19	1,248,675	491,348	-	(1,089)	-	(577,351)	1,161,583
including:									
accounts payable of suppliers and contractors	5552	for 20 20	104,632	-	-	-	-	(9,160)	95,472
	5572	for 20 19	5,950	101,019	-	-	-	(2,337)	104,632
including:									
construction	55521	for 20 20	-	-	-	-	-	-	-
	55721	for 20 19		-	-	-	-	-	-
other	55522	for 20 20	104,632	-	-	-	-	(9,160)	95,472
	55722	for 20 19	5,950	101,019	-	-	-	(2,337)	104,632
Other accounts payable	5553	for 20 20	1,056,951	1,401,569	-	(553)	-	(1,038,977)	1,418,990
	5573	for 20 19	1,242,725	390,329	-	(1,089)	-	(575,014)	1,056,951
Out of the total amount of long-term debt	5554	for 20 20	-	-	-	-	-	-	-
	5574	for 20 19	-	-	-	-	-	-	-
Debt owed to subsidiaries	55541	for 20 20	-	-	-	-	-	-	-
	55741	for 20 19	-	-	-	-	-	-	-
Debt owed to affiliates	55542	for 20 20	-	-	-	-	-	-	-
	55742	for 20 19	-	-	-	-	-	-	-
Short-term accounts payable - total	5560	for 20 20	8,757,713	5,554,535	-	(4,571,551)	(25,296)	1,048,137	10,763,538
	5580	for 20 19	12,883,089	4,561,822	-	(9,171,253)	(43,296)	577,351	8,757,713
including:									
Settlements with suppliers and contractors	5561	for 20 20	5,136,188	3,313,819	-	(2,515,939)	(6,366)	9,160	5,936,862
	5581	for 20 19	5,238,557	2,480,026	-	(2,579,872)	(4,860)	2,337	5,136,188
including:									
construction	55611	for 20 20	1,265,881	1,190,693	-	(1,194,299)	(2,735)	-	1,259,540
	55811	for 20 19	750,583	1,164,146	-	(644,303)	(4,545)	-	1,265,881
other	55612	for 20 20	3,870,307	2,123,126	-	(1,321,640)	(3,631)	9,160	4,667,322
	55812	for 20 19	4,487,974	1,315,880	-	(1,935,569)	(315)	2,337	3,870,307
Advances issued	5562	for 20 20	1,876,504	442,990	-	(699,969)	(17,387)	1,038,609	2,640,747
	5582	for 20 19	5,164,803	666,424	-	(4,494,875)	(34,157)	574,309	1,876,504
including:									
on electric power transmission	55621	for 20 20	24,428	31,188	-	(8,005)	(1)	-	47,610
	55821	for 20 19	12,936	20,098	-	(8,606)	-	-	24,428
on technological connection	55622	for 20 20	1,826,938	303,654	-	(669,366)	(16,769)	1,038,609	2,483,066
	55822	for 20 19	5,144,416	625,406	-	(4,483,955)	(33,238)	574,309	1,826,938
on organization of the functioning and development of unified energy system (UES) of Russia relating to integrated distribution power grid	55623	for 20 20	-	-	-	-	-	-	-
	55823	for 20 19	-	-	-	-	-	-	-
on resale of electric power and capacity	55624	for 20 20	-	-	-	-	-	-	-
	55824	for 20 19	-	-	-	-	-	-	-
on participation in other organizations	55625	for 20 20	-	-	-	-	-	-	-
	55825	for 20 19	-	-	-	-	-	-	-
on lease services	55626	for 20 20	1,214	11,767	-	(1,901)	-	-	11,080
	55826	for 20 19	18	1,213	-	(17)	-	-	1,214
on other issues	55627	for 20 20	23,924	96,381	-	(20,697)	(617)	-	98,991
	55826	for 20 19	7,433	19,707	-	(2,297)	(919)	-	23,924
Delay from participants (shareholders) in paying revenues	5563	for 20 20	453	26	-	-	-	-	479
	5583	for 20 19	919	-	-	(466)	-	-	453
Notes payable	5564	for 20 20	-	-	-	-	-	-	-
	5584	for 20 19	-	-	-	-	-	-	-
Debts owed to state non-budgetary funds	5565	for 20 20	157,086	135,442	-	(157,086)	-	-	135,442
	5585	for 20 19	120,710	157,086	-	(120,710)	-	-	157,086
Settlements in respect of taxes and levies	5566	for 20 20	642,898	771,058	-	(642,898)	-	-	771,058
	5586	for 20 19	606,530	642,898	-	(606,530)	-	-	642,898
Payables owed to corporate staff	5567	for 20 20	273,713	317,117	-	(273,713)	-	-	317,117
	5587	for 20 19	313,073	273,713	-	(313,073)	-	-	273,713
Other accounts payable	5568	for 20 20	670,871	574,083	-	(281,946)	(1,543)	368	961,833
	5588	for 20 19	1,388,497	341,675	-	(1,055,727)	(4,729)	705	670,871
Out of the total amount of short-term debt	5569	for 20 20	26,205	264,918	-	(20,419)	-	-	270,704
	5589	for 20 19	5,771	26,205	-	(5,771)	-	-	26,205
Debt owed to subsidiaries	55691	for 20 20	26,205	264,918	-	(20,419)	-	-	270,704
	55891	for 20 19	5,771	26,205	-	(5,771)	-	-	26,205
Debt owed to affiliates	55692	for 20 20	-	-	-	-	-	-	-
	55892	for 20 19	-	-	-	-	-	-	-
Total	5550	for 20 20	9,919,296	6,956,104	-	(4,572,104)	(25,296)	-	12,278,000
	5570	for 20 19	14,081,764	5,053,170	-	(9,172,342)	(43,296)	-	9,919,296

#### 5.6.6. Overdue accounts payable

[illegible]

5.6.7. Loans and borrowings									
Line item	Line code	Period	At the start of the year	Changes for period					At the end of the period
				Inflow	Accrual of interests	Principal repayment	Repayment of interest	Transferring from long-term debt to short-term debt	
1	2	3	4	5	6	7	8	9	10
Long-term borrowings - total	7410	for 20 20	19,432,911	36,128,620	-	(37,678,609)	-	-	17,882,922
	7430	for 20 19	13,283,239	19,916,920	-	(6,484,008)	-	(7,283,240)	19,432,911
including:									
Loans	7411	for 20 20	19,432,911	34,728,620	-	(37,678,609)	-	-	16,482,922
	7431	for 20 19	9,683,239	19,916,920	-	(6,484,008)	-	(3,683,240)	19,432,911
Borrowings	7412	for 20 20	-	1,400,000	-	-	-	-	1,400,000
	7432	for 20 19	3,600,000	-	-	-	-	(3,600,000)	-
Current borrowings - total	7420	for 20 20	3,652,592	13,835,373	1,611,812	(12,035,373)	(1,510,538)	-	5,553,866
	7440	for 20 19	11,395,279	2,221,723	2,170,660	(17,204,345)	(2,213,965)	7,283,240	3,652,592
including:									
Loans	7421	for 20 20	-	8,435,373	0	(8,435,373)	-	-	-
	7441	for 20 19	7,899,382	2,221,723	0	(13,804,345)	-	(3,683,240)	-
Interest on loans	74211	for 20 20	19,652	-	1,383,168	-	(1,402,820)	-	-
	74411	for 20 19	15,719	-	1,414,802	-	(1,410,869)	-	19,652
Borrowings	7422	for 20 20	3,632,940	5,400,000	228,644	(3,600,000)	(107,718)	-	5,553,866
	7442	for 20 19	3,480,178	-	755,658	(3,400,000)	(803,096)	3,600,000	3,632,940
(1) - the reporting period is indicated									
(2) - the prior period is indicated									

### 5.6.8. Expenses for loans and borrowings

Indication		For long-term loans and borrowings	For short-term loans and borrowings
Line item	Line code		
1	2	3	4
Expenses for loans total:	7510	1,364,289	18,879
write-off as other expenses	7511	1,346,305	18,879
included in the cost of assets	7512	17,984	-
Expenses for borrowings total:	7520	60,473	168,171
write-off as other expenses	7521	60,473	167,714
included in the cost of assets	7522	-	457
Out of the total cost on borrowings and loans:	7530	1,424,762	187,050
interest accrued	7531	1,424,762	187,050
other expenses	7532	-	-



5.7.1. Estimated liabilities						
Indication		Opening balance	Recognized	Redeemed	Written off as excessive amount	Ending balance
Line item	Line code					
1	2	3	4	5	6	7
<b>Estimated liabilities - total</b>	5700	1,339,596	1,403,758	(1,151,802)	(64,391)	1,527,161
including:						
Forthcoming vacation pay	5701	263,014	519,632	(465,816)	-	316,830
Year-end benefit payment	5702	372,778	296,180	(352,188)	-	316,770
Outstanding litigation as of reporting date	5703	203,330	45,973	(175,567)	(20,876)	52,860
Claims of tax authorities on the results of tax inspections that remained unsolved as of reporting date	5704		156,967	-	-	156,967
Other estimated liabilities	5705	500,474	385,006	(158,231)	(43,515)	683,734
<b>Out of the total amount of contingent liabilities:</b>						
Created for the account of expenses for core activities	5706	1,016,644				
Created for the account of other expenses	5707	361,734				
Included in the cost of assets	5708	25,380				

5.7.2. Deferred taxes																
Line item								Line code	Deferred tax assets				Deferred tax liabilities			
1								2	3				4			
Balance at the beginning of the reporting period								7700	888,357				1,871,876			
Change of temporary differences in the reporting period causing tax consequences								7710	132,107				260,940			
The result of change in tax rates								7720	-				-			
The result of change in taxation rules (accounting procedure of income tax)								7730	-				-			
Change of temporary differences in the reporting period for transactions whose results are not included in the accounting profit (loss)								7740	-				-			
write-off of temporary differences beyond tax consequences								7750	-				-			
For reference: Recognition (write-off) of deferred tax assets due to the change of probability that the company will receive taxable income in subsequent reporting periods								7760	-				x			
Balance at the end of the reporting period								7800	1,020,464				2,132,816			

5.8. Securities				
Indication		As at December 31, 2020	As at December 31, 2019	As at December 31, 2018
Line item	Line code			
1	2	3	4	5
Received — total	5800	549,501	303,376	578,597
including:				
promissory notes	5801	-	-	-
pledged property	5802	107	107	107
where:				
items of fixed assets	58021	107	107	107
securities and other financial investments	58022	-	-	-
other	58023	-	-	-
other received	5803	549,394	303,269	578,490
Issued under own obligations— total	5810	-	-	-
including:				
promissory notes	5811	-	-	-
pledged property	5812	-	-	-
where:				
items of fixed assets	58121	-	-	-
securities and other financial investments	58122	-	-	-
other	58123	-	-	-
other issued	5813	-	-	-

### 5.9. Government assistance

Line item	Line code	2020				2019			
		At the start of the year	Received during the year	Returned during the year	At the end of the year	At the start of the year	Received during the year	Returned during the year	At the end of the year
Public funds received - total	5900	-	4,084	(4,084)	-	-	4,000	(4,000)	-
including:									
on current expenses	5901	-	1,201	(1,201)	-	-	1,025	(1,025)	-
compensations for Chernobyl victims	5902	-	-	-	-	-	-	-	-
for task performance on mobilization training	5903	-	-	-	-	-	-	-	-
for liquidation of interterritorial cross-subsidization	5904	-	-	-	-	-	-	-	-
for investments in non-current assets	5905	-	-	-	-	-	-	-	-
other purposes	5906	-	2,883	(2,883)	-	-	2,975	(2,975)	-
where:									
funding for preventive measures to reduce occupational injuries and occupational diseases	5911	-	2,883	(2,883)	-	-	2,959	(2,959)	-
funding for thorough medical check-ups for employees engaged in work with harmful and (or) occupational hazards factors	5912	-	-	-	-	-	-	-	-

5.11. Other revenues and expenses			
Indication		For 2020	For 2019
Line item	Line code		
1	2	3	
<b>Other revenues total</b>	8000	1,563,197	2,269,626
including:			
From sale of fixed assets, except apartments	8001	115	2,063
From sale of apartments	8002	-	-
From sale of inventories	8003	11,039	10,042
From sale of currency	8004	-	-
From sale of intangible assets	8005	-	-
From sale of securities	8006	-	-
From sale of other assets	8007	-	-
From joint arrangements	8008	-	-
Profit for 2019 recognized in the reporting period	8009	36,856	-
Profit for 2018 recognized in the reporting period	8010	10,380	198,679
Profit for 2017 recognized in the reporting period	8011	15,882	14,930
Profit up to January 1, 2017 recognized in the reporting period	8012	49,114	19,678
Penalties, fines and forfeits recognized or for which the judgments (arbitration awards) for their recovery have been obtained	8013	518,967	422,610
Accounts payable for which the statute of limitations has expired (more than three years)	8014	25,296	43,296
Exchange differences	8015	-	-
Assets in surplus on the results of the inventory count	8016	55	158
Donated assets except fixed assets and intangible assets	8017	3,881	3,829
Revenue from donated fixed assets identified in accordance with established order	8018	22,503	20,722
Value of tangible assets remaining after the assets that are not subject to recovery and further use have been written off	8019	3,791	1,415
Revaluation of financial investments according to the current market value	8020	-	-
Revenue from decrease (write-off) of provision for doubtful debts	8021	232,555	299,342
Revenue from decrease (write-off) of reserve for estimated liabilities	8022	64,391	135,697
Revenue from decrease (write-off) of provision for depreciation of inventories	8023	6,008	2,825
Revenues under assignment of claim agreements	8024	-	-
Revenues from determination of freelance electric power consumption	8025	70,376	90,998
Insurance settlements receivable	8026	230,611	64,351
Revenues related to the Interest in the Charter Capital of other organizations	8027	-	-
Restoring accounts receivable previously written off	8028	24	92
Discount on promissory notes	8029	-	-
Compensations for difference in tariffs (budgetary funding)	8030	-	-
Revenue from decrease (write-off) of provision for impairment of financial investments	8031	100	1,594
Increase in value of items of fixed assets	8032	-	-
Revenue from increase in value of previously cut-price items of fixed assets	8033	-	-
Revenue from payment of promissory notes	8034	-	-
Other	8035	261,253	937,305

<b>Other revenues total</b>	8100	<b>(3,777,891)</b>	<b>(3,909,428)</b>
including:			
From sale of fixed assets, except apartments	8101	-	(4,766)
From sale of apartments	8102	-	-
From sale of inventories	8103	(8,825)	(9,079)
From sale of currency	8104	-	-
From sale of intangible assets	8105	-	-
From sale of securities	8106	-	-
From sale of other assets	8107	-	-
Other taxes	8108	-	-
Expenses for bank services	8109	(406)	(318)
Expenses for maintenance of financial investments	8110	-	-
Provision for doubtful debts	8111	(533,810)	(307,808)
Provision for impairment of financial investments	8112	(7,571)	(100)
Provision for impairment of tangible assets	8113	(2,309)	(2,786)
Provision for discontinued operations	8114	-	-
Reserve for estimated liabilities	8115	(55,696)	(107,988)
Retirement of assets without revenue	8116	-	-
VAT on donated property	8117	-	-
Loss for 2019 recognized in the reporting period	8118	(428,141)	-
Loss for 2018 recognized in the reporting period	8119	(110,767)	(298,761)
Loss for 2017 recognized in the reporting period	8120	(107,950)	(189,736)
Loss up to January 1, 2017 recognized in the reporting period	8121	(152,329)	(139,512)
Penalties, fines and forfeits recognized or for which the judgments (arbitration awards) for their recovery have been obtained	8122	(61,394)	(35,641)
State fees under the economic contracts	8123	(13,247)	(12,708)
Revaluation of financial investments according to the current market value	8124	-	-
Discount on promissory notes	8125	-	-
Expenses under assignment of claim agreements	8126	-	-
Non-refundable VAT	8127	(7,689)	(8,962)
Expenses for discovered non-contractual electricity consumption	8128	-	-
Contributions to associations and funds	8129	(3,649)	(3,328)
Accounts receivable for which the statute of limitations has expired (more than three years)	8130	(395)	(7,184)
Exchange differences	8131	-	-
Court costs	8132	(1,289)	(2,100)
Theft, shortages	8133	(268)	(39,611)
Expenses for execution proceedings	8134	-	-
Payment of the cost of employees' apartments	8135	-	-
Other financial aid and other cash payments to employees	8136	(291,347)	(267,808)
Financial aid to retired employees (including lump-sum payments, compensations for community charges)	8137	(9,826)	(10,230)
Expenses for sporting events	8138	(880)	(4,694)
Expenses for social activities	8139	(8,633)	(8,473)
Charitable expenditures	8140	-	(5,000)
Value of redeemable promissory notes	8141	-	-
Residual value of written-off fixed assets	8143	-	-
Reduction in prices of items of fixed assets	8144	-	-
Other	8145	(1,917,470)	(2,442,835)

Chief Executive Officer		Sergeev S.V.
	(signature)	(signature)

Chief Accountant		Skiba I.V.
	(signature)	(signature)

«	24	»	February	20	21
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5.13. Information on reportable segments

Line item	Line code	Period	Electric power transmission	Technological connection	Reportable segment name	Reportable segment name	Reportable segment name	Other segments	Total
1	2	3	4	5	6	7	8	9	10
Revenue from external buyers	8310	2020	48,101,880	731,309	-	-	-	536,391	49,369,580
	8311	2019	46,515,696	4,206,155	-	-	-	281,848	51,003,699
Sales revenue between segments	8320	2020	-	-	-	-	-	-	-
	8321	2019	-	-	-	-	-	-	-
<b>Total Revenue of segment including</b>	<b>8300</b>	<b>2020</b>	<b>48,101,880</b>	<b>731,309</b>	-	-	-	<b>536,391</b>	<b>49,369,580</b>
	<b>8400</b>	<b>2019</b>	<b>46,515,696</b>	<b>4,206,155</b>	-	-	-	<b>281,848</b>	<b>51,003,699</b>
Revenue from transmission	8301	2020	48,101,880	-	-	-	-	-	48,101,880
	8401	2019	46,515,696	-	-	-	-	-	46,515,696
Revenue from technological connection	8302	2020	-	731,309	-	-	-	-	731
	8402	2019	-	4,206,155	-	-	-	-	4,206,155
Other revenue	8303	2020	-	-	-	-	-	536,391	536,391
	8403	2019	-	-	-	-	-	281,848	281,848
Interest receivable	8303	2020	-	-	-	-	-	28,872	28,872
	8403	2019	-	-	-	-	-	67,390	67,390
Interest payable	8304	2020	1,593,371	-	-	-	-	-	1,593,371
	8404	2019	1,971,069	-	-	-	-	-	1,971,069
Income Tax Expenses	8305	2020	204	116,154	-	-	-	634	116,992
	8405	2019	1,021,080	-	-	-	-	-	1,021,080
<b>Gains/(losses) of segment</b>	<b>8306</b>	<b>2020</b>	<b>(1,372,012)</b>	<b>(128,676)</b>	-	-	-	<b>(590)</b>	<b>(1,501,278)</b>
	<b>8406</b>	<b>2019</b>	<b>(590,716)</b>	<b>3,092,746</b>	-	-	-	<b>1,653</b>	<b>2,503,683</b>
<b>Assets of segments</b>	<b>8307</b>	<b>2020</b>	<b>74,885,901</b>	<b>1,098,993</b>	-	-	-	<b>1,395,350</b>	<b>77,380,244</b>
	<b>8407</b>	<b>2019</b>	<b>74,306,147</b>	<b>962,116</b>	-	-	-	<b>1,059,024</b>	<b>76,327,287</b>
including non-current assets	8308	2020	63,590,343	990,606	-	-	-	715,531	65,296,480
	8408	2019	63,547,029	860,961	-	-	-	322,661	64,730,651
<b>Liabilities of segments</b>	<b>8309</b>	<b>2020</b>	<b>71,151,660</b>	<b>5,092,056</b>	-	-	-	<b>1,136,528</b>	<b>77,380,244</b>
	<b>8409</b>	<b>2019</b>	<b>71,850,628</b>	<b>3,750,869</b>	-	-	-	<b>725,790</b>	<b>76,327,287</b>
<b>Amortization of fixed assets and intangible assets</b>	<b>8390</b>	<b>2020</b>	<b>4,453,469</b>	<b>68,585</b>	-	-	-	<b>50,296</b>	<b>4,572,350</b>
	<b>8490</b>	<b>2019</b>	<b>4,186,821</b>	<b>55,426</b>	-	-	-	<b>21,318</b>	<b>4,263,565</b>



PUBLIC JOINT STOCK  
COMPANY ROSSETI KUBAN  
(PJSC ROSSETI KUBAN)

**NOTES TO THE ACCOUNTING STATEMENTS  
FOR 2020**

Krasnodar  
2021



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## 1. BACKGROUND INFORMATION

PJSC Rosseti Kuban (hereinafter referred to as the “Company”) is the largest electric grid company in the territory of Krasnodar Region and the Republic of Adygeya that transmits and distributes electricity to the distribution grid with a voltage of 110 kV and lower located in populated areas, village settlements, separate cities and neighborhood centre of Krasnodar Region and the Republic of Adygeya, including Sochi.

**Full name:** Public Joint Stock Company Rosseti Kuban.

**Short name:** PJSC Rosseti Kuban Rosseti Kuban.

Registered on February 10, 1993.

Entered in the Single State Register of Legal Entities by Inspection of the Federal Tax Service of Russia No. 3 in Krasnodar under No. 1022301427268 of September 17, 2002. Certificate 23 No. 001806938.

**TIN (KPP):** 2309001660 (997650001).

**Legal form / form of property PJSC Rosseti Kuban** – Public Joint Stock Company (Code OKOPF 47) / private ownership (Code OKFS 16).

**Registered office (legal address) PJSC Rosseti Kuban** – 350033, the Russian Federation, Krasnodar, 2A Stavropolskaya Street.

**The core activities of the Company are:**

- providing services for distribution and transmission of energy that is transferred out of the electrical system;
- services for technological connection of consumers to electric networks.

**Table 1 – Permits (licences) for certain types of work**

<b>Branch of activities</b>	<b>Issuing authority</b>	<b>Details</b>	<b>Validity period</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
For extraction licence (fresh groundwater mining for household drinking process water supply in Krasnodar)	Ministry of Natural Resources of Krasnodar Region	КРД No. 80383 БЭ	From November 30, 2015 to July 20, 2034
For extraction licence (fresh groundwater mining for household drinking process water supply Tverskaya village of Apsheronsk district of Krasnodar Region)	Ministry of Natural Resources of Krasnodar Region	КРД No. 80380БЭ	From October 26, 2015 to January 1, 2035
Execution of works related to the usage of information classified as state secret	Federal Security Service of the Russian Federation (FSB) in Krasnodar Region	IT 0084635, registration number 2050	From August 31, 2020 – July 13, 2023
Transportation by buses of other persons of licensee for own requirements	Federal Transportation Inspection Service (Rostransnadzor) of The Ministry of Transport of the Russian Federation	AH-23-000047	From April 8, 2019 – unlimited

Accounting Statements of PJSC Rosseti Kuban contain operational performance of all branch offices, representative offices and other business units, as follows:

**Table 2 – Branches of PJSC Rosseti Kuban**

<b>№</b>	<b>Name</b>	<b>Registered office</b>
1.	Krasnodar Electrical Networks	350000, Krasnodar, 131 Pashkovskaya Str.
2.	Sochi Electrical Networks	354000, Sochi, 42 Konstitutsii USSR Str.
3.	Armavir Electrical Networks	352900, Armavir, 54 Vorovskogo Str.
4.	Adygeya Electrical Networks	385000, Maykop, 358 Shovgenova Str.
5.	Timashevsk Electrical Networks	352700, Timashevsk, 176 Lenina Str.
6.	Tikhoretsk Electrical Networks	352122, Tikhoretsk, 62 Dzerzhinskogo Str.
7.	Leningrad Electrical Networks	353745, Leningradskaya village, 6 Divizii 302 Str.
8.	Slavyansk Electrical Networks	353560, Slavyansk-na-Kubani, 49 Stroitelei Str.
9.	South-West Electrical Networks	353902, Novorossiysk, 1 Vostochnyy Mol
10.	Labinsk Electrical Networks	352503, Labinsk, 334 Mira Str.
11.	Ust-Labinsk Electrical Networks	352232, Ust-Labinsk, 4 Krasnodarskaya Str.

**The average annual number of employees** in PJSC Rosseti Kuban for the reporting period amounted to 8,959, in 2019 amounted to 8,644, prior to preceding 2018 amounted to 8,611.

**Company's auditor:**

Full name: Limited Liability Company Ernst & Young  
 Legal address: 115035, Moscow, 77 Sadovnicheskaya naberezhnaya, building 1  
 Current address: 115035, Moscow, 77 Sadovnicheskaya naberezhnaya, building 1  
 TIN: 7709383532  
 PSRN: 1027739707203  
 Phone/fax: 8 (495) 755-97-00/8; (495) 755-97-01

**Management Board of the Company** is the General Meeting of Shareholders, the Board of Directors of the Company, Management Board (Collegial Executive Body of the Company), General Director (Chief Executive Officer of the Company).

**Chief Executive Officer of the Company:** Sergeev Sergey Vladimirovich.

**Chief Accountant of the Company:** Skiba Inna Viktorovna.

**Table 3 – Members of the Board of Directors of the Company (as of December 31, 2020):**

<b>No.</b>	<b>Full name</b>	<b>Principal place of employment and official capacity</b>	<b>Position on the Board of Directors of Rosseti Kuban</b>
1.	Gavrilov Aleksandr Ilich Chairman of the Board of Directors	Member of Krasnodar Regional Association “Regional Scientific and Technological Union of Energy Workers and Electricians”	Chairman of the Board of Directors
2.	Logatkin Andrey Vyacheslavovich	Director – Head of the Department of International Cooperation of PJSC Rosseti	Member of the Board of Directors
3.	Sergeev Sergey Vladimirovich	CEO of PJSC Rosseti Kuban	Member of the Board of Directors
4.	Shagina Irina Aleksandrovna	Head of the Department of Tariff Policy of PJSC Rosseti	Member of the Board of Directors
5.	Terekhov Ivan Andreevich	Head of Department of Insurance in the Strategy Department of PJSC Rosseti	Member of the Board of Directors
6.	Guryanov Denis Lvovich	Member of the Board of Directors of PJSC Rosseti Kuban	Member of the Board of Directors
7.	Alyushenko Igor Dmitrievich	Deputy Chief Engineer – Chief Controller of PJSC Rosseti	Member of the Board of Directors
8.	Varseev Vasiliy Valerevich	Member of the Board of Directors of PJSC Rosseti Kuban	Member of the Board of Directors
9.	Varvarin Aleksandr Viktorovich	Vice-president for Legal Regulation and Law Enforcement of the Russian Union of Industrialists and Entrepreneurs (RSPP)	Member of the Board of Directors
10.	Medvedev Mikhail Vladimirovich	Adviser to the Director-General of JSC “Avangard”	Member of the Board of Directors
11.	Yavorskiy Viktor Korneevich	Member of the Presidium of the Board of "OPORA RUSSIA"	Member of the Board of Directors

**Table 4 – Composition of Management of the Company (as of December 31, 2020):**

<b>No</b>	<b>Full name</b>	<b>Principal place of employment and official capacity</b>	<b>Status in the Management of PJSC Rosseti Kuban</b>
1.	Sergeev Sergey Vladimirovich	CEO of PJSC Rosseti Kuban	Chairman of the Board
2.	Armaganian Edgar Garrievich	First Deputy CEO – Director of the Branch of PJSC Rosseti Kuban Sochi Electrical Networks	Deputy Chairman of the Board
3.	Shchepakin Maksim Mikhailovich	First Deputy CEO of PJSC Rosseti Kuban	Member of the Board
4.	Mishanin Aleksey Aleksandrovich	Deputy CEO for Technical Issues – Chief Engineer of PJSC Rosseti Kuban	Member of the Board
5.	Korzhanovskiy Viktor Anatolevich	Deputy CEO for Investment Operations of PJSC Rosseti Kuban	Member of the Board
6.	Ocheredko Olga Vyacheslavovna	Deputy CEO for Economics and Finance of PJSC Rosseti Kuban	Member of the Board
7.	Nishchuk Oleg Fedorovich	Deputy CEO for Implementation of Services of PJSC Rosseti Kuban	Member of the Board
8.	Skiba Inna Viktorovna	Chief Accountant – Head of Department of Financial Records, Accounts and Tax Returns of Rosseti Kuban	Member of the Board

The Auditing Committee of the Company is the supervisory authority for financial and operational activities of the Company.

**Table 5 – Composition of the Company's Audit Committee (as of December 31, 2020):**

<b>No</b>	<b>Full name</b>	<b>Principal place of employment and official capacity</b>	<b>Status in the Audit Committee</b>
1.	Lelekova Marina Alekseevna	Director of the Internal Control and Risk Management Department of PJSC Rosseti	Chairman of the Audit Committee
2.	Skrunnikova Ludmila Stanislavovna	Chief Expert of Supervisory Activities Department of the Internal Control and Risk Management Department of PJSC Rosseti	Member of the Audit Committee
3.	Malyshev Sergey Vladimirovich	Lead Expert of Supervisory Activities Department of the Internal Control and Risk Management Department of PJSC Rosseti	Member of the Audit Committee
4.	Kim Svetlana Anatolevna	Head of Supervisory Activities Department of the Internal Control and Risk Management Department of PJSC Rosseti	Member of the Audit Committee
5.	Kabizskina Elena Aleksandrovna	Chief Expert of Supervisory Activities Department of the Internal Control and Risk Management Department of PJSC Rosseti	Member of the Audit Committee

**Table 6 – The Main Subsidiaries and Affiliates**

<b>Name of the subsidiary</b>	<b>Participatory interest (%)</b>	<b>Registered office</b>	<b>Line of business</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Joint-Stock Company Energetik Holiday Facility	100	353490, Krasnodar Region, Gelendzhik, Divnomorskoye village, 4 Pionerskaya Str.	Provision of medical, sanatorium and health-resort, health and fitness services, accommodation services (temporary accommodation services), food and nutrition services and services to the population
Joint-Stock Company Kuban Energoservis	100	350080, Krasnodar Region, Krasnodar, 47 Novorossiyskaya Str.	Implementation of programs on energy conservation and increasing the energy efficiency of final consumers in the regions by means of implementation of the multilevel system of energy services.

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## **2. FUNDAMENTAL PRINCIPLES OF ACCOUNTING POLICIES**

PJSC Rosseti Kuban keeps accounting records in accordance with the requirements for Russian Accounting Standards and Federal Law of December 6, 2011 No. 402-FZ “On Accounting” and also in accordance with Corporate Standard of PJSC Rosseti “Uniform Corporate Accounting Principles for accounting purposes”.

Data from Accounting Statements are presented in thousands Russian Rubles (if not otherwise mentioned).

### **2.1. Assets and liabilities in foreign currencies**

The Company does not have assets and liabilities denominated in foreign currency at the beginning and the end of the reporting period.

### **2.2. Expenses for research, development and technological works (R&D)**

Accounting of expenses for research, development and technological works is incurred in accordance with Accounting Regulation 17/02, approved by Order of the Ministry of Finance of the Russian Federation No. 115n of November 19, 2002 and subsequent changes. Writing off the expenses for each facility of R&D is made using the straight-line method.

### **2.3. Intangible assets**

Accounting for intangible assets is kept by the Company in accordance with the Accounting Regulation 14/2007 “Intangible asset accounting”, approved by Order of the Ministry of Finance of the Russian Federation No. 153n of December 27, 2007.

Straight-line method is used for the amortization of the cost of the intangible assets with definite useful lives.

### **2.4. Fixed assets and construction in progress**

Accounting for fixed assets is kept by the Company in accordance with the Accounting Regulation 6/01 “*Accounting for fixed assets*”, approved by Order of the Ministry of Finance of the Russian Federation No. 26H of March 30, 2001 and Accounting Guidelines on fixed assets, approved by Order of the Ministry of Finance of the Russian Federation No. 91n of October 13, 2003.



Accounting for construction in progress is kept by the Company in accordance with the Regulation of Accounting and Reporting in the Russian Federation, approved by Order of the Ministry of Finance of the Russian Federation No. 34H of July 29, 1998 and in accordance with the Accounting Regulation of long-term investments (letter of the Russian Ministry of Finance No. 160 of December 30, 1993), if not at variance with subsequent regulatory legal acts on accounting.

Items of fixed assets are accepted for recording at original cost, determined according to the method of receipt-purchase for a fee, implementation by own efforts, construction, receiving without compensation and so on.

Assets are recognized as a part of inventories and written-off as manufacturing expenses in accounting and accounting statements as far as they release to production or into operation and to relation of which the terms for attribution of assets to the fixed assets (with the value less than 40,000 rubles inclusive) are fulfilled. The following items are included in the fixed assets regardless of their value:

- transmission lines;
- lands;
- buildings;
- constructions;
- vehicles

Costs on borrowings and loans related to investment asset formation (items of fixed assets, asset groups and other similar assets demanding much time and purchasing costs and (or) construction) are included in the cost of the depreciable asset.

Amortization of the items of fixed assets is calculated using the straight-line method on the basis of their useful lives.

Useful life is regulated by the Committee of the Company on receipt of fixed assets in accordance with the final report of the technical employees taking into consideration the information specified in technical documentation of the construction site.

The following useful lives are determined for accounting purposes in accordance with the technical rules and regulations and instructions for the operation of equipment of manufacturing plants and newly introduced items of fixed assets related to the groups such as “Transmission lines and transmission facilities” and “Vehicles and machinery”.

Item of fixed assets	Useful life, years
<i>Material-working machinery and equipment</i>	
Power transformer	30
Shunt reactor	30
Current limiting reactor	30
Cell of gas-insulated switchgear	30
Cell of the complete distribution device	25
Current transformer (CT)	30
Voltage transformer (VT)	30
Switch	30
Disconnecter, isolating switch and short-circuiting device	30
<i>Constructions and transfer mechanisms (transmission lines)</i>	
Overhead transmission lines (OTL)	35
Cable transmission lines	30
Overhead and cable transmission lines	30

Fully amortizing (depreciated) fixed assets are not measured at amortized cost.

The result due to retirement, write-off and donation of fixed asset is reflected in the Statement of financial results and as a part of other revenues and expenses.

Fixed asset value has not changed, except for further construction, modernization and reconstruction of fixed assets. Expenses for reconstruction of fixed assets are reflected on the balance sheet of the reporting period to which the expenses relate.

Accounting for the property acquired under leasing is carried out in accordance with the Federal Law No. 164-FZ of October 29, 1998 “On financial lease (leasing)”.

## 2.5. Inventories

Inventory accounting is kept by the Company in accordance with the Accounting Regulation 5/01 “*Inventory accounting*”, approved by Order of the Ministry of Finance of the Russian Federation No. 44n of June 9, 2001 and Accounting guidelines on inventory accounting, approved by Order of the Ministry of Finance of the Russian Federation No. 119n of December 28, 2001.

When inventories are included in the accounting, inventory valuation is made by the following ways:

- when purchase for a charge – in the amount of actual expenses for purchasing except for VAT and other recoverable taxes from the budget (Clause 6, Accounting Regulation 5/01);
- during production by own efforts – on the basis of actual expenses related to the production of the current expenses. Accounting and formation of expenses for production of inventories are carried out in accordance with the procedure established for the determination of prime cost of the appropriate types of production (Clause 7, Accounting Regulation 5/01);
- entered against contribution to the charter capital – on the basis of monetary value agreed upon with shareholders (participants), unless otherwise required by the legislation of the Russian Federation in accordance with the actual expenses for delivery of inventories and bring them up to an acceptable standard for use (Clause 8, 11, Accounting Regulation 5/01);
- donation or received under the donation agreement and also remaining after disposal of fixed assets and other property, recognition of inventories that were recognized as the surplus on the results of the inventory count – on the basis of current market value for delivery of inventories and bring them up to an acceptable standard for use (Clause 9, 11, Accounting Regulation 5/01);
- received under the agreements providing for fulfilment of obligations (payment) by non-monetary assets – according to the value of assets transferred or subject to transfer to the Company, established on the basis of the price for which the Company usually identifies the value for the similar assets under comparable circumstances. When it is not possible to establish the value of assets that are transferred or subject to transfer to the Company, the inventory cost according to the agreements providing for fulfilment of obligations (payment) by non-monetary assets is identified on the basis of the price for which the Company usually purchases the similar inventories under comparable circumstances. The actual expenses for delivery of inventories and bring them up to an acceptable standard for use are included in the actual cost of these inventories (Clause 6, 10, 11, Accounting Regulation 5/01);
- cost of inventories received under the barter contracts where the contractual value of barterable property is established, official contractual value is recognized.

Inventories are measured at average cost of every type of inventory when the inventories release to production or their disposal in accordance with Clause 16 and Accounting Regulation 5/01 "Inventory accounting".

Special clothes before putting into operation are recognized according to the account 10 "Materials" on the separate sub-account "Dedicated tooling and special clothes at stock". The cost of special clothes that have useful lives more than 12 months is repaid using the straight-line method on the basis of their useful lives according to the industry standards requiring free issue of work clothes, special shoes and other personal protective equipment and in accordance with the Rules of Provision of Employees with special clothes, special shoes and other personal protective equipment, approved by Decree of the Ministry of Health and Social Development of July 1, 2009 No. 290n. Special clothes that have useful lives more than 12 months are reflected on the balance sheet as a part of other non-current assets.

The Company creates the reserve for depreciation of inventories for the account of financial results.

## **2.6. Deferred expenses**

The principled approach established in the Company is to recognize incurred expense in the balance sheet and accounting as a part of deferred expense and its equating to the asset. This approach is based on the fact that the future economic benefits (temporary benefits) related to the asset and appraisal of the asset value is probable.

The Company has established that the balance of deferred expenses is recorded in the lines "Other non-current assets" and "Other current assets".

For this purpose the distribution between section I and section II of the balance sheet occurs on the basis of repayment period of the relevant expenses, i.e. the expenses where the repayment period is more than 12 months are to be recorded in the section I of the balance sheet and the other expenses are to be recorded in the section II.

## **2.7. Financial investments**

Accounting for financial investments is kept by the Company in accordance with the Accounting Regulation 19/02 "*Accounting for financial investments*", approved by Order of the Ministry of Finance of the Russian Federation No. 126n of December 10, 2002.

Contributions to charter capitals of other organizations are recognized by the financial investments of the organization and recorded in accounting in the amount of actual expenses of the investor, i.e. according to the cost of assets entered against contribution in which the assets were recorded on the balance sheet.

Financial investments in which the current market value is not determined are subject to reflection in accounting and accounting statements at original cost as of reporting date (Clause 21, Accounting Regulation 19/02).

Financial investments in which the current market value is determined are subject to reflection in the accounting statements at the current market value at the end of the reporting period by means of adjustment of evaluation of investments for the previous reporting date (Clause 20, Accounting Regulation 19/02).

Debt securities are reflected at historical cost. Difference between nominal value of acquisition and nominal value of the securities is to be included in other revenues and expenses.

## **2.8. Borrowings and loans**

Accounting for borrowings and loans is kept by the Company in accordance with the Accounting Regulation 15/2008 “*Accounting for borrowings and loans*”, approved by Order of the Ministry of Finance of the Russian Federation No. 107n of October 6, 2008.

## **2.9. Estimated liabilities**

Accounting for estimated liabilities is kept by the Company in accordance with the Accounting Regulation 8/2010 “*Estimated liabilities, contingent liabilities and contingent assets*”, approved by Order of the Ministry of Finance of the Russian Federation No. 167n of December 13, 2010.

## **2.10. Deferred taxes**

Accounting for deferred taxes is kept by the Company in accordance with the Accounting Regulation 18/02 “*Accounting for corporate income tax*”, approved by Order of the Ministry of Finance of the Russian Federation No. 114n of November 19, 2002.

The amounts of deferred tax asset and liability are to be reflected in expanded form on the balance sheet during the preparation of the accounting statements.

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## 2.11. Revenue and other income

Accounting for revenue and other income is kept by the Company in accordance with the Accounting Regulation 9/99 "*Organization's income*", approved by Order of the Ministry of Finance of the Russian Federation No. 32n of May 6, 1999.

Revenue is recognized in accounting of the Company, provided that the following conditions are met:

- 1) The organization has the right to receive revenue under the specific contract or it should be confirmed by other appropriate means;
- 2) The amount of revenue is to be defined;
- 3) There is confidence that there will be increase in economic benefits of the organization as a result of the concrete operation. There is confidence that there will be increase in economic benefits of the organization as a result of the concrete operation when the organization receives an asset in payment or there is no uncertainty about receipt of an asset;
- 4) If the ownership (possession, use and control) of production (goods) was transferred from the organization to the buyer or the work was accepted by the client (the service was provided);
- 5) Expenses that were incurred or will be incurred due to this operation may be identified.

Receipts related to the equity interest in other organizations; receipts from sale of fixed assets and other assets; fines, penalties and forfeitures for the breach of contract terms and conditions; receiving of assets without compensation; profit for past years; amounts of accounts payable for which the statute of limitations has expired; exchange differences and other income are the other income of the Company in accordance with the Clause 7, Accounting Regulation 9/99.

Other revenues are recorded in the statement of financial results less the expenses related to these revenues, in case that:

- Corresponding rules of accounting require and do not prohibit such recognition of revenues;
- Revenues and expenses related to them, as a result of one and the same or similar business activity (such as assignment for temporary use (temporary possession and use) of own assets) are not essential for financial characteristics of the Company.

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**2.12. Cost of goods sold, production, works, services, selling costs, administrative expenses and other expenses**

Accounting for expenses is kept by the Company in accordance with the Accounting Regulation 10/99 “*Organization's expenses*”, approved by Order of the Ministry of Finance of the Russian Federation No. 33n of May 6, 1999. General business expenses are fully recognized in the cost of goods sold and services in the reporting period and distribution by types of activities is carried out in proportion to the revenue.

Administrative expenses are recorded in the account 26 “General business expenses” showing individual cost centers and nomenclature. Administrative expenses are recorded in the statement of financial results in the line “Administrative expenses”.

**2.13. Government assistance**

Accounting for funds received under government assistance is kept by the Company in accordance with the Accounting Regulation 13/2000 “*Accounting for government assistance*”, approved by Order of the Ministry of Finance of the Russian Federation No. 92n of December 16, 2000.

**2.14. Associates and affiliates**

Information on associates and affiliates is disclosed by the Company in accordance with the Accounting Regulation 11/2008 “*Information on associates and affiliates*”, approved by Order of the Ministry of Finance of the Russian Federation No. 48n of April 29, 2008.

**2.15. Information on segments**

Information on segments is disclosed by the Company in accordance with the Accounting Regulation 12/2010 “*Information on segments*”, approved by Order of the Ministry of Finance of the Russian Federation No. 143n of November 8, 2010.

**2.16. Cash flow information**

Cash flow information is disclosed by the Company in accordance with the Accounting Regulation 23/2011 “*Statement of cash flows*”, approved by Order of the Ministry of Finance of the Russian Federation No. 11n of February 2, 2011.

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### **3. CHANGES IN ACCOUNTING POLICIES IN 2020**

In 2020, some amendments were introduced to the Accounting Policies by the Company on accounting of deferred taxes due to the entry into force of the new RAS 18/02 “Accounting for Corporate Income Tax” as amended since January 1, 2020, namely the Company has reflected the corresponding differences arising from revaluation of fixed assets and reserves for estimated liabilities as a part of temporary differences resulting in formation of deferred tax. In accordance with the Clause 14,15 of RAS 1/2008, recalculation was performed retrospectively out of balance sheet line code 1370 “Accumulated Profit” and 1340 “Revaluation of Non-Current Assets”.

Changes in comparative indicators as a result of this change in the accounting policy are presented in Clause 5 of the present Notes.

### **4. CHANGES IN ACCOUNTING POLICIES IN 2021**

The accounting policy for 2021 is amended related to the entry into force of the Order of the Ministry of Finance of Russia dated November 15, 2019 No. 180n Federal Accounting Standard FAS 5/2019 *"Inventories"*.

The Company is in the phase of final evaluation of the amounts that have an impact on indications of Accounting (Financial) Statements as of January 1, 2021.

This change of RAS will be recorded in the accounting (financial) statements for the first quarter of 2021 and will lead to the changes in comparative indicators for the periods prior to reporting period if appropriate.

### **5. ADJUSTMENTS AND OTHER CHANGES IN ACCOUNTING RELATED TO THE PRIOR PERIODS**

As a result of the introduction of the new RAS 18/02 “Accounting for Corporate Income Tax” as amended, the following adjustments have been introduced by the Company to the Balance Sheet as of December 31, 2019 and December 31, 2018 and the Statement of Financial Results for 2019:



<b>Balance Sheet line code as of December 31, 2019</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
1180 Deferred tax assets	792,989	95,368	888,357
1100 Total section I	64,635,283	95,368	64,730,651
1600 Balance	76,231,919	95,368	76,327,287
1370 Retained Earnings (uncovered losses)	359,366	(642,745)	(283,379)
1371 Retained Earnings (uncovered losses) for past years	(2,068,645)	(718,417)	(2,787,062)
1372 Retained Earnings (uncovered losses) of the reporting period	2,428,011	75,672	2,503,683
1300 Total section III	40,609,886	(642,745)	39,967,141
1420 Deferred tax liabilities	1,133,763	738,113	1,871,876
1400 Total section IV	21,728,257	738,113	22,466,370
1700 Balance	76,231,919	95,368	76,327,287

<b>Balance Sheet line code as of December 31, 2018</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
1180 Deferred tax assets	764,948	92,980	857,928
1100 Total section I	63,613,935	92,980	63,706,915
1600 Balance	75,908,815	92,980	76,001,795
1340 Revaluation of non-current assets	10,736,476	(862,562)	9,873,914
1370 Retained Earnings (uncovered losses)	(12,654,441)	144,145	(12,510,296)
1371 Retained Earnings (uncovered losses) for past years	(12,805,639)	89,236	(12,716,403)
1372 Retained Earnings (uncovered losses) of the reporting period	151,198	54,909	206,107
1300 Total Section III	35,238,546	(718,417)	34,520,129
1420 Deferred tax liabilities	438,719	811,397	1,250,116
1400 Total section IV	14,970,633	811,397	15,782,030
1700 Balance	75,908,815	92,980	76,001,795

<b>Line code of Statements of financial results for 2019</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
2410 Income tax	(1,381,791)	75,672	(1,306,119)
2412 Deferred income tax	(654,559)	75,672	(578,887)
2400 Net profit (loss)	2,428,011	75,672	2,503,683
2500 Comprehensive financial result for the period	2,428,011	75,672	2,503,683

The adjustments have been introduced to the explanations of the Notes to compare data in accordance with the above-mentioned information.

Due to the reflected changes, the amount of basic and diluted earnings per share for 2019 was 8,0373 thousand rubles.

## **6. INFORMATION DISCLOSURE ON SPECIFIC INDICATIONS OF ACCOUNTING STATEMENTS FOR 2020**

### **6.1. Fixed assets**

Real estate assets accepted for operation and in use undergoing the state registration are recorded in the account 01.06 "Real estate assets the ownership of which is not registered". As of December 31, 2020 the original value of the real estate assets accepted for operation and in use undergoing the state registration amounted to 3,385,515 thousand rubles

Fixed assets under the agreements providing for fulfilment of obligations by non-monetary assets were missing for the period from January 1 to December 31, 2020.

Information on fixed asset groups, change in value and usage are specified in Appendices 5.3.1; 5.3.3; 5.3.4.

### **6.1.1. Capital investments in progress**

Amount of advances and advance payment of services related to the construction and purchase of fixed assets without VAT; raw materials intended to be used for the purpose of creation of fixed assets are recorded on the balance sheet of the Company as capital investments in-progress. As of December 31, 2020 the amount of advances and advance payment of services related to the construction and purchase of fixed assets amounted to 96,451 thousand rubles, VAT from advances and advance payment of services related to the construction and purchase of fixed assets is recorded in the line 1260 "Other current assets" in the amount of 18,955 thousand rubles. As of December 31, 2020 the amount of raw materials intended to be used for the purpose of creation of fixed assets amounted to 802,561 thousand rubles.

Information on the presence and flow of construction in progress assets is disclosed in Appendix 5.3.5.

### **6.1.2. Fixed assets received for lease**

There are no fixed assets received for lease in the current reporting period. In the coming period lease payments are not planned.

## **6.2. Other non-current and current assets**

As of December 31, 2020, deferred expenses amounted to 262,634 thousand rubles depending of the date of write-off, fixed as of the date of acceptance for recording. These expenses are recorded on the balance sheet:

1) Non-exclusive rights for computer software:

- Useful life more than 12 months (line 1190) amounted to 149,362 thousand rubles;
- Useful life during 12 months (line 1260) amounted to 112,341 thousand rubles.

2) Other:

- Useful life more than 12 months (line 1190) amounted to 728 thousand rubles;
- Useful life during 12 months (line 1260) amounted to 203 thousand rubles.

Cost of special clothes with useful lives more than 12 months in the amount of 103,885 thousand rubles is recorded in the line 1190 as a part of non-current assets.

The amount of VAT from advances received amounted to 721,071 thousand rubles is recorded in the line 1260 as a part other current assets.

### **6.3. Financial investments**

The analysis of financial investments of PJSC Rosseti Kuban for the presence of impairment indicators was conducted as of December 31, 2020.

As a result of reserve for decrease in financial investments was restored in the amount of 100 thousand rubles and accrued in the amount of 7,571 thousand rubles. Information on the presence and flow of financial investments is disclosed in Appendices 5.4.1 and 5.4.2.

### **6.4. Government assistance**

The decision was made by the Territorial authorities of Social Insurance Fund of the Russian Federation (SIF RF) concerning the funding for preventive measures to reduce occupational injuries.

Information is disclosed in Appendix 5.9

### **6.5. Equity and reserves**

At the beginning of 2020 the charter capital of the Company amounted to 30,379,335,000 rubles and consist of 303,793,350 ordinary shares at par value of 100 (one hundred) rubles per share.

On July 15, 2020, the official registration of amendments to the Articles of Association of the Company was carried out. After the increase, the amount of charter capital was 33,465,783,700 rubles.

Preferred shares did not issued by the Company.

Additional capital of the Company is formed as a result of paid-in capital in excess of par.

The company creates the capital reserve intended for loss coverage. These losses are not specifically defined but may occur in economic turnover. The capital reserve is created out of net profits of the Company.

### **6.6. Accounts receivable**

Information on the presence and flow of accounts receivable for the reporting period is disclosed in the Table 5.1. Notes to the balance sheet and statement of financial results are represented in a tabular format. Accounts receivable that is arisen and paid off in the one reporting period is not included in the turnover.

**Table 7 – Settlements with the budget**

(thousands of RUB)

Indication	Debt as of December 31, 2019		Accrued for 2020	Paid for 2020	Debt as of December 31, 2020	
	Debit	Credit			Debit	Credit
VAT	–	410,204	2,595,009	2,463,215	–	541,998
Property tax	721	173,812	665,807	676,544	20	162,374
Income tax	224 670	–	4,635	82,244	302,279	–
Land charge	857	1,102	(22,273)	5,409	28,601	1,164
Personal income tax	3	55,677	761,971	754,208	2	63,439
Transport tax	–	2,103	8,492	8,514	–	2,081
Other taxes and dues	2	–	4	–	–	2
<b>Total taxes</b>	<b>226,253</b>	<b>642,898</b>	<b>4,013,645</b>	<b>3,990,134</b>	<b>330,902</b>	<b>771,058</b>
Tax Penalties	2	–	(5,595)	3	5,600	–
Fines	8,376	–	(10,644)	432	19,452	–
<b>Total</b>	<b>234,631</b>	<b>642,898</b>	<b>3,997,406</b>	<b>3,990,569</b>	<b>355, 954</b>	<b>771,058</b>

The amount of accounts receivable for taxes and dues is increased for 121,323 thousand rubles in 2020.

Accounts receivable related to the income tax was created in the amount of 302,279 thousand rubles due to the fact that advance payments (paid in 2020) had exceeded the amount of income tax, calculated for year results.

Accounts receivable on land value tax was created in the amount of 28,601 thousand rubles due to the reflection in the 4th quarter of 2020 of the judicial decision in favour of the Company which partially canceled the results of the offsite tax inspection for 2011-2012 on land value tax.

The increase of accounts receivable on fines in the amount of 11,076 thousand rubles, penalties in the amount of 5,598 thousand rubles mainly related to the reflection of reduced sanctions in accordance with the judicial decision in favour of the Company.

**Table 8 – Settlements for insurance contributions**

(thousands of RUB)

Indication	Debt as of December 31, 2019		Accrued for 2020	Paid for 2020	Debt as of December 31, 2020	
	Debit	Credit			Debit	Credit
<b>Insurance contributions – total</b>	<b>5,471</b>	<b>157,086</b>	<b>1,699,033</b>	<b>1,737,642</b>	<b>22,436</b>	<b>135,442</b>
<b>including:</b>						
Pension contribution	2	118,269	1,228,401	1,241,439	6	105,235
Compulsory health insurance	1	34,762	297,762	304,370	–	28,153
Social insurance	5,468	4, 055	172,870	191,833	22,430	2,054
<b>Penalties – total</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>3</b>	<b>–</b>	<b>–</b>
<b>Fines – total</b>	<b>4</b>	<b>–</b>	<b>1</b>	<b>91</b>	<b>94</b>	<b>–</b>
<b>Total</b>	<b>5,475</b>	<b>157,086</b>	<b>1,699,037</b>	<b>1,737,736</b>	<b>22,530</b>	<b>135,442</b>

Accounts receivable related to the insurance contributions increased by 17,055 thousand rubles in 2020. The growth was mainly driven by increasing in accounts receivable in respect of contributions to the Social Insurance Fund (by 16,962 thousand rubles) owing to the increase in expenses for temporary disability as a result of the spread of a new coronavirus infection in 2020 as well as indexation of allowances in the amount of 1,030 from February 2020.

**Table 9 – Allocation of taxes, penalties and fines according to the levels of budget**

(thousands of RUB)

Indication	Debt as of December 31, 2019		Accrued for 2020	Paid for 2020	Debt as of December 31, 2020	
	Debit	Credit			Debit	Credit
<b>Taxes – total</b>	<b>226,253</b>	<b>642,898</b>	<b>4,013,645</b>	<b>3,990,134</b>	<b>330,902</b>	<b>771,058</b>
Federal budget	18,352	465,885	3,357,686	3,278,943	79,163	605,439
Regional tax, national tax	207,040	175,912	678,230	705,785	223,138	164,455
Local tax	861	1,101	(22,271)	5,406	28,601	1,164
<b>Penalties – total</b>	<b>2</b>	<b>–</b>	<b>(5,595)</b>	<b>3</b>	<b>5,600</b>	<b>–</b>
Federal budget	1	–	3	3	1	–
Regional tax, national tax	–	–	–	–	–	–
Local tax	1	–	(5,598)	–	5,599	–
<b>Fines – total</b>	<b>8,376</b>	<b>–</b>	<b>(10,644)</b>	<b>432</b>	<b>19,452</b>	<b>–</b>
Federal budget	8,106	–	(1,562)	20	9,688	–
Regional tax, national tax	258	–	(2,536)	408	3,202	–
Local tax	12	–	(6,546)	4	6,562	–
<b>Total</b>	<b>234,631</b>	<b>642,898</b>	<b>3,997,406</b>	<b>3,990,569</b>	<b>355,954</b>	<b>771,058</b>

Accounts receivable of buyers and clients, other accounts receivable are disclosed in Appendices 5.6.1-5.6.3.

## 6.7. Accounts payable, loans and borrowings

Information on the presence and flow of accounts payable for the reporting period is disclosed in the Table 5.3. Notes to the balance sheet and statement of financial results are represented in a tabular format. Accounts payable that is arisen and paid off in the one reporting period is not included in the turnover.

The amount of accounts payable for tax payments increased by 128,160 thousand rubles.

There was a considerable increase in accounts payable related to the value added tax. Accounts payable related to the value added tax increased for 131,794 thousand rubles due to the fact that VAT charges for the fourth quarter (Q4) 2020 in the amount of 522,724 thousand rubles had exceeded the VAT charges in the amount of 465,496 thousand rubles for the fourth quarter (Q4) 2019.

In 2020, accounts payable related to the insurance contributions decreased by 21,644 thousand rubles, including the pension contributions by 13,034 thousand rubles, contributions to the compulsory medical insurance funds by 6,609 thousand rubles. This change was driven by a decrease in the amount of accruals in December 2020 versus the amount of accruals in December 2019.

**Table 10 – Amounts and repayment periods of borrowings and loans of PJSC Rosseti Kuban as of December 31, 2020**

(thousands of RUB)

Name of the bank	No. of loan agreement	The amount of the actual debt	Interest debt	Repayment period
PJSC Rosseti	5736	–	17,626	Less than 1 month
PJSC Rosseti	5781	5,400,000	136,240	Less than 7 months
<b>Total line 1510</b>	–	<b>5,400,000</b>	<b>153,866</b>	–
Bank GPB (JSC)	No. 0719-030-0000-K	1,000,000	–	Above 1.5 years
Bank GPB (JSC)	No. 0719-031-0000-K	1,000,000	–	Above 1.5 years
Bank GPB (JSC)	No. 0719-120-0000-K	3,000,000	–	Above 2 years
Bank GPB (JSC)	No.0719-048-0000-ГC	1,500,000	–	Above 2 years
Bank GPB (JSC)	No.0719-049-0000-ГC	1,575,000	–	Above 2 years
Bank GPB (JSC)	No 0719-050-0000-ГC	1,187,500	–	Above 2 years
Bank "RRDB"( JSC)	374ю	1,000,000	–	Above 2 years
Bank "RRDB"( JSC)	375ю	1,320,422	–	Above 2 years
Bank "RRDB"( JSC)	376ю	2,000,000	–	Above 2 years
PJSC PS Bank (Promsvyazbank)	No. 0089-20-3-15	1,900,000	–	Above 2 years
JSC SMP Bank	08-22-2020/KJI	1,000,000	–	Above 2 years
PJSC Rosseti	5736	1,400,000	–	Above 4 years
<b>Total line 1410</b>	–	<b>17,882,922</b>	–	–

Interest rates for debt portfolio of the Company have been formed in the range of 5,68% to 7,07% per annum as of December 31, 2020.

Information is disclosed in Appendices 5.6.5-5.6.8.

### 6.7.1. Securing obligations

As of December 31, 2020, the amount of bank guarantees received to insure the fulfilment of obligations under the contractor agreements/supply and repayment (return of advances) amounted to 549,394 thousand rubles on the off-balance sheet item 008 “Fulfilment of obligations and payments received” (Appendix 5.8.). Pledged property under the agreement for purchase and sale of apartments amounted to 107 thousand rubles (Appendix 5.8.).

### 6.7.2. Information on opportunities of the Company to raise additional cash as of reporting date

Table 11 – Unused credit facilities by the Company

(thousands of RUB)

Creditor bank	Name and date of the contract	Amount of unutilized limit	Termination date of drawdown
PAO Sberbank	No. 5400/380 of September 25, 2017	3,000,000	September 23, 2022
PAO Sberbank	No. 5400/449 of July 9, 2018	2,000,000	July 8, 2023
PAO Sberbank	No. 5400/634 of November 18, 2019	2,000,000	November 16, 2024
PAO Sberbank	No. 5400/635 of November 18, 2019	2,000,000	November 16, 2024
PAO Sberbank	No. 5400/695 of September 17, 2020	1,500,000	September 16, 2025
PAO Sberbank	No. 5400/696 of September 17, 2020	2,000,000	September 16, 2025
VTB Bank (PJSC)	No. KC-30750/0001/B-19 of March 29, 2019	1,000,000	March 27, 2021
VTB Bank (PJSC)	No. KC-30750/0002/B-19 of March 29, 2019	1,300,000	March 27, 2021
VTB Bank (PJSC)	No. KC-30750/0003/B-19 of March 29, 2019	1,400,000	March 27, 2021
VTB Bank (PJSC)	No. KC-30750/0004/B-19 of April 22, 2019	1,300,000	April 21, 2021
VTB Bank (PJSC)	No. KC-30750/0007/B-20 of August 20, 2020	1,425,000	July 20, 2025
VTB Bank (PJSC)	No. KC-30750/0008/B-20 of August 20, 2020	1,575,000	July 20, 2025
VTB Bank (PJSC)	No. KC-30750/0009/B-20 of August 20, 2020	1,575,000	July 20, 2025
VTB Bank (PJSC)	No. KC-30750/0013/B-20 of August 31, 2020	1,500,000	July 31, 2025
VTB Bank (PJSC)	No. KC-30750/0010/B-20 of August 31, 2020	1,575,000	July 31, 2025
VTB Bank (PJSC)	No. KC-30750/0014/B-20 of August 31, 2020	1,575,000	July 31, 2025
VTB Bank (PJSC)	No. KC-30750/0012/B-20 of August 31, 2020	1,850,000	July 31, 2025
VTB Bank (PJSC)	No. KC-30750/0011/B-20 of August 31, 2020	2,000,000	July 31, 2025
Bank "RRDB"(JSC)	No. 355ю of November 6, 2018	1,261,000	May 5, 2023
Bank "RRDB"(JSC)	No. 356ю of November 6, 2018	1,261,000	May 5, 2023
Bank "RRDB"(JSC)	No. 357ю of November 6, 2018	1,261,000	May 5, 2023
Bank "RRDB"(JSC)	No. 369ю of December 11, 2019	1,000,000	June 11, 2024
Bank "RRDB"(JSC)	No. 375ю of April 29, 2020	179,578	April 29, 2025
Bank "RRDB"(JSC)	No. 379ю of August 25, 2020	1,575,000	February 25, 2025

Available credit limits are opened up by the Company which makes it possible to refund borrowings subject to prompt repayment in 2020. As of December 31, 2020 the total amount of credit limit with termination of drawdown period in 2021-2025 amounted to 37,112,578 thousand rubles, including in the amount of 12,500 000 thousand rubles – in PAO Sberbank, in the amount of 6,537,578 thousand rubles - in Bank “RRDB” (JSC), in the amount of 18,075,000 thousand rubles – in VTB Bank (PJSC).



## **6.8. Information on risks of business activity**

Internal Control Policy and Risk Management Policy are approved by the Board of Directors of the Company (Minutes No. 233/2016 of March 18, 2016), the main objective of which is to recognize and ensure the fulfilment of prevention measures intended to minimize the risks (control procedures) according to the deadlines, with the purpose of reducing the probability of financial and other losses that have an impact on achieving goals of the Company. There are specific core principles in regards to risk management:

- 1) Creation and protection of values of the Company (risk management contributes to achievement of the goals, performance improvement, maintaining health and human safety, maintaining security for all types of Company's operations, observation of statutory and regulatory requirements, environment control, improvement of quality of services, operational efficiency, management and company image);
- 2) Risk management is an integral part of all organizational processes (risk management is not a separate activity that is separated from the core activity and operations of the company; risk management is a part of management commitment including the strategic planning, processes of project management and adjustments);
- 3) Risk management is a part of decision making procedure;
- 4) Risk management is a systematic, structured and well timed process;
- 5) Risk management is based on the best available information;
- 6) Risk management should be transparent , all-inclusive and respect the interests of concerned parties;
- 7) Risk management should be dynamic, repeated and adaptable to changes;
- 8) Risk management contributes to the permanent improvement of the company;
- 9) Responsibility for risk management – all participants of risk management are responsible for recognition, evaluation, analysis and continuous monitoring of risks as a part of its activities, development and implementation of necessary measures for risk management and continuous monitoring the efficiency of measures for risk management.
- 10) Principle of optimality is analyzed as relation of costs relating to the implementation of measures for risk management and the impact of the implementation of these measures, including the compliance of degree of complexity of risk management with the importance of the object subject to examination depending of risks.
- 11) The unity of methodological framework. Risk management (recognition, evaluation, analysis and monitoring of risks, development and monitoring the

efficiency of measures for risk management) is carried out on the basis of approaches and standards common to all structural units of the Company.

The Company carries out collection and analysis of information characterizing the external and internal factors that have a negative impact on achieving goals of the Company every three months. The Company has developed and fulfills the measures in order to minimize the consequence of risk realization. These measures are focused on preventing the negative effects. At the same time political and economic factors have an impact on the activity of PJSC Rosseti Kuban. Because of these factors the Company can't guarantee that the measures intended to prevent the probability of negative effects will be able to remedy the situation, because these risk factors are out of the Company's control.

### **Industry risks**

#### **Risks in the sphere of tariff setting for electric power transmission**

##### **Risks of tariff setting that do not cover the full economically justified expenditures**

In connection with the limitation of tariff growth for services for electric power transmission to the ultimate consumers at the Russian Federation government level, there is a high probability that published tariffs will not cover the full economically justified expenditures for electric power transmission. To prevent and mitigate the consequences of realization those risks, the Company shall cooperate with the Regulatory Authorities, justify and confirm the expenditures of its activities. Therefore, the Company maintains its position about necessity of accounting for economically justified expenditures in its entirety, being the power provider for Krasnodar Region and the Republic of Adygeya and also forms and sends the disputes to the Federal Antimonopoly Service of the Russian Federation

##### **The risk of increased costs for electric power transmission services of other network organizations**

Under the conditions of limited tariff growth, the regional regulator accepts significant revenue growth for individual network organizations by reducing (or unchanged) revenue from some network organizations 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 regions where it operates, the absence of revision of tariff decisions for individual network organizations during several regulatory periods, the inclusion of the investment component for individual network organizations, or as a result of enforcement of instructions of the Federal Antimonopoly Service of the Russian Federation (FAS Russia) and court decisions may lead to the realization of risk.

The risk is assessed by the Company as significant with an average level of consequences from implementation. In order to minimize this risk and mitigate the consequences of its implementation, the Company provides the Regional Energy Commission - Prices and Rates Department of Krasnodar Region with supporting materials conforming the level of economically justified expenditures as well as maintaining its position about necessity of breakthrough growth of the Company's expenditures, being the power provider for Krasnodar Region and the Republic of Adygeya.

*The risk of an increase in the price of electricity purchased with the purpose of compensation for losses*

Free pricing in the wholesale energy market (capacity), where the purchase of electric energy (capacity) is carried out in order to compensate for the technological expenses (losses) for electric power during the electric power transmission through the 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 load, cost value of servicing raised funds. In order to minimize this risk and mitigate the consequences of its implementation, the shortfall in revenue in excess of the weighted average uncontrolled price of the wholesale electricity and capacity market on actual basis in relation to the accepted in the tariff balance decisions is claimed by the regulator for compensation in the future period of regulation.

*Risks in the sphere of electric power transmission*

*Risk of reducing the volume of services for transmission of energy*

Volume reduction of electrical energy consumption may be driven by the impact of such external factor as economic crises and the decline in output 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. Potential influence of these factors may influence on reducing the volume of services for transmission of energy, and therefore, revenue reduction of the Company. At present, the risk is assessed as significant.

However, in connection with the economic development of the region in which the Company operates, in recent years there has been a dynamic of increase in volume of electrical energy consumption. The Company monitors the current and predictive economic situation in the region and in the whole country, conducts preparatory works for proper power equipment functioning in the appropriate seasons of the year, performs maintenance and repair of power facilities.

**Risks of tariff setting on implementation of services for technological connection**

The Company is subject to the risk of scarcity of source of funding of events under the contracts on implementation of technological connection due to approving by regulating authority of rates of the charge for technological connection below the economically justified level. One of the factors of this risks arising is introduction of amendments to legislation of the Russian Federation (Federal Law of March 26, 2003 No. 35-FZ “On Electric Power Industry”) on excluding of power receivers of maximum capacity 150 kW from paying for technological connection, investment component to pay off expenses for construction of electric grid facilities (from October 1, 2015 – no more than 50% from amount of specified expenditures, from October 1, 2017 – excluding this expenditures from paying for technological connection).

To minimize the risk, the Company cooperates with tariffs regulatory authorities, forms correct scope of obligations under the technological connection agreements, elaborates design documentation on scope of obligations on technological connection agreements, provides the Regulatory Authorities with supporting materials conforming economic justification of the level of rates of the charge for technological connection.

Risk of antimonopoly legislation is estimated by Company as moderate. The reason of the risk implementation may become nonfulfillment of the Company’s obligations on technological connection on the signed agreements (because of scarcity of funds and a considerable number of agreements on technological connection).

### **Operational risks**

In the process of its activity the Issuer is exposed to risks associated with physical deterioration, abuse and critical changes in the parameters of the equipment.

The main ones are:

- 1) deterioration of performance and economic indicators of electric equipment;
- 2) threat of failures with partial or full undersupply of electricity with corresponding negative social consequences;
- 3) failure to comply with the obligations under the contracts for the provision of electricity transmission services;
- 4) negative environmental effects.

In order to decrease the risk of the group the issuer takes the following steps:

- 1) scheduled repair and maintenance of equipment
- 2) technical re-equipment, reconstruction and new construction
- 3) regular optimization of structure and amount of components and spare parts in reserve and other
- 4) providing of industrial security and manufacturing control.

The company assesses the level of risk above the average and believes that the negative factors will not materially affect its activities and performance of obligations on its securities.

### **Price risks**

Provision of electricity transmission services includes as well the purchase of raw materials, services, equipment and other materials used by the Company in its operations. The price increase is mainly explained by inflationary pressures and the impact of macroeconomic factors. During the economic instability the risk of augmentation of cost for goods, works and services used by the Company increases. However, macroeconomic factors, including inflation, are now stabilizing. Thus, price risks are assessed as low.

In order to minimize these risks, the Company uses the position of a large consumer and purchases the material and technical resources, and selects the service providers through competitive and regulated procurements.

**Risks of financial loss owing to external and political situations and regional risks**

Risks associated with adverse weather conditions which may lead to technological disturbances.

Sudden changes of regional scale (ecological, political, demographic, social) are unlikely, but their emergence will certainly affect the Issuer's activities. Taking into consideration the sufficient level of development of the transport infrastructure of the region, the risks of termination of transport communication due to inaccessibility and farness are minimal.

In the Company's opinion, the situation in the region will have a favorable effect on the Issuer's activity; there is no reason to expect that a change of the situation in the region will entail the Issuer's failure to fulfil its liabilities.

The actual value for achieving the reliability indicator of electric power transmission services in indicative terms did not exceed the planned values. The risk is assessed as "moderate." 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 of October 28, 2009 No. 846 "On Approval of the Rules for Investigating the Causes of Accidents in the Electric Power Industry". Based on the results of investigations, emergency prevention measures are being developed in order to minimize the consequences of the realization of the risk and henceforth prevent the occurrence of similar cases and cover the above mentioned factors..

**Risks associated with the political and economic situation in the country and region**

The indicators of economic progress in the regions where the Company operates (Krasnodar Region and the Republic of Adygeya) are stable for several years; these regions are attractive for investments.

The worsening of economic and political situation in the country and the region under the influence of external factors (including sanctions) are main risks for the Company. Since the Company operates only on internal market, government of the Russian Federation develops programmes on import substitution including in regions where the Company operates, it leads to increasing of amount of electric energy consumption. Increasing of energy efficiency and adoption of energy-efficient technologies are development priorities of economics.

In the event of significant political instability, which can negatively affect the operations and earnings, the Issuer takes measures of crisis management, reduces as much as possible the expenses, and investment plans.

Additionally, there are risks associated with military conflicts, introduction of a state of emergency, natural disasters that may have consequences as follows:

- deterioration of the whole national economy status and, consequently, of the Issuer's financial status;
- damage to Company property that may negatively affect its ability to timely and fully fulfil its liabilities to consumers and counterparties.

The regions where the Company operates are politically stable with the risk of a military conflict or a state of emergency occurrence there due to internal causes being minimal. The Company has elaborated and is carrying out target arrangements for protection of the Company's energy facilities against subversive or terrorist acts. The Company established a permanent working group on combating terrorism in the power distribution facilities in the region. Besides, cooperation with law enforcement authorities is carried out. To compensate for damage of the effect of emergency circumstances associated, inter alia, with natural disasters, the Company concludes property insurance contracts.

### **Financial risks**

#### **Risk of an increase in inflation**

The current inflation level cannot have a significant effect on the financial status of the Company. The Ministry of Economic Development of the Russian Federation has reviewed the Macroeconomic forecast related to the inflation rate for 2019-2022 in favor of its reduction against the background of forthcoming deceleration of consumer demand level, caused by the loan cycle. According to the data of the Federal State Statistics Service, the rate of the annual inflation amounted to 3 percent based on the results of 2020. However, because of pandemic and observance of quarantine by economic entities, according to the Bank of Russia's forecast, inflation will reach 4,9 percent according to the results of 2020 and will stand close to 4 percent later on. Nevertheless, for minimization of financial risks associated with inflation processes and affecting the financial results of activity, the Company is implementing an integrated programme for analysis of financial risks, planning and appraisal of actual profitability of activity; one identifies return rate indices that are indicative of the Company's level of cost-efficiency, normative values of financial coefficients characterizing the Company's solvency and liquidity, which enable one to promptly detect drawbacks in the Company's work and take measures for their elimination. As well as in accordance with Decree of the Government of the Russian Federation of December 29, 2011 No. 1178 "On price formation in sphere of regulated prices (tariffs) in power industry" when regulating electricity tariffs inflation level should be taken into consideration (consumer price index), that was defined in the prognosis of social and economic development of the Russian Federation. Thus, the Company considers these risks as moderate.

**The risk of an increase in interest rates on credits and loans**

The Company attracts short-term and long-term borrowings from the Russian financial market. Since Company operates in the Russian Federation, inflation growth in the Russian Federation is one of the factors of overall growth of interest rates. Significant increase in interest rates on loans and borrowings can lead to debt service increase. But nowadays because of low level of inflation and regular decline in key rate, the risk of rising interest rates on loans is estimated as low (there has been a consistent decline in the interest rate from 11 percent per annum to 4.25 percent per annum versus the similar period of 2016). To manage this risk, the Company optimizes the debt portfolio structure and reduces its servicing costs. Thus, the average interest rate of the Company amounted to 6.2 percent at planned value of 8 percent based on the results of 2020. Besides, the Company strains after use of loans and borrowings with the fixed interest rate. The Company's supposed actions in the event of negative effect of interest rates change on one's activity: attraction of longer-term loans to avoid negative effect of interest rates short-term fluctuations and diversify funding sources.

**Risk of changes of foreign currencies exchange rates**

Carrying out its core business activity within the territory of the Russian Federation, the Company has neither investment into foreign companies which value of net assets is exposed to the risk of currency exchange rates fluctuations, nor revenues or expenses expressed in terms of foreign currency. Risks connected with exchange rate fluctuations, are not factors of direct impact on the financial and economic activities of the Company, but may lead to augmentation of prices for energy equipment. In spite of volatility and weakening of a national currency in the 1<sup>st</sup>-3<sup>rd</sup> quarters of 2020 and ruble appreciation in the 4<sup>th</sup> quarter of 2020, the Company estimates the risk as moderate. In order to mitigate the Company's risk, the macroeconomic situation is monitored and procurement planning and import substitution are carried out. In case of a further weakening of the national currency the issuer plans to analyse the risks and make appropriate decisions in each particular situation.



**Risk of reducing the customer prices**

Changes in the consumer price index to some extent affect the Company's rate of return and one's financial and business activity results, but their effect is not a direct dependence factor. Indirect dependence of the Company's rate of return on changes of the consumer price index is mainly conditioned by the fact that tariffs for services for transmission of electric energy cross electric power grids are established by state tariff bodies on the basis of justified expenses on their provision and fully or partially compensate for growth of the Company's expenses associated with inflation. Due to the decreasing of inflation rate, the risk is evaluated as moderate.

The occurrence of these financial risks can have an impact on the Company's financial statements. The indicator which is most affected in the Company's statements is the index of accounts receivable arising from the inability of counterparties to pay for services of the Company. The deterioration of the economic situation in Russia may affect the growth of the cost of electricity transmission through electric grids of the Company, which, while maintaining the established tariffs will reduce the profits. To reduce this risk, the Company carries out the work on the management of debt receivable directed to optimization of its amount and repayment of debts.

**Legal risks****Risks associated with tax and environmental legislation and customs and currency regulation**

Since no special taxation mode is applicable to the Company's activity and the Company has no overdue tax and levy indebtedness to budgets of all levels, the Company's tax risks are considered as the minimum within the framework of a conscientious taxpayer's activity.

In the shorter term, the Company does not foresee emergence of any significant risks in its financial and business activity associated with changes in tax and civil legislation.

Changes of currency and customs legislation of the Russian Federation are of no relevance for the Company's activity and, consequently, do not entail emergence of legal risks.

The Company holds licences for certain activities. The Company carries out regular work for prolongation of the licenses necessary for conduction of its business activity. The Company's exposure to the above risk may be considered insignificant. In case of change of requirements and/or making of demands on licensing of the basic kinds of activity, the Company will take necessary steps to

obtain the appropriate licenses and permits. Risks connected with absence of possibility to extend the license of the Company are minimal and cannot influence on Company's fulfillment of obligations on outstanding securities.

***The risk of performance of a judicial act (settlement of disputes) on debt collection for power transmission services not in favor of the Company***

The absence of documents conforming actual fulfillment of obligations on behalf of the Company, services and expenses incurred, including insufficient or poor quality of supporting materials, incoherence of activities of business units may lead to negative financial consequences for the Issuer when pronouncing judicial acts (settlement of disputes) on collection of debts for power transmission services not in favor of the Company, collection of court costs. The risk is estimated as moderate.

The Company participates in legal proceedings, the results of which may significantly affect its financial and economic activities. The Company continuously monitors litigation practice, which allows this information to be used to achieve positive judicial decisions in its favor. At present, changes in litigation practice that may negatively affect the results of the current legal processes involving the Issuer, and as a consequence, the results of the Company's economic activities, are not assumed.

**Impossibility of timely land registration (on high interest objects)**

The Company's exposure to the risk of untimely land registration should be considered as inessential. The Company implements cooperation with government authorities of regional/republican/local significance, with rightholders of plots of land, as well as controlling the activities of contract organizations performing works on land registration.

In the event of change and/or presentation of claims, deliberate obstructiveness of registration of proprietary rights by the relevant agencies, incoherence of activities of the Company's employees, the Company will take the necessary measures to execute the relevant documentation. The risks of untimely land registration are minimal and cannot significantly affect the Company's activities.

**Deliberate illegal acts on behalf of both legal entities and individuals, as well as on behalf of employees, causing economic damage and threat to the good name**

The Company monitors changes in the legislation of the Russian Federation, and cooperation has been established with law enforcement agencies. Preventive maintenance is performed with employees of the Company. The risk is assessed as significant.

**Engaging of employees in corrupt practices**

Violation and failure to comply with the requirements of the legislation of the Russian Federation, local regulatory legal acts and regulatory and administrative documents may lead to negative reputational consequences, as well as financial damage to the company. The Company maintains a high level of corporate culture and implementation of the Corruption Control Plan allows to form a negative attitude towards corruption behavior among the Company's management/employees.

**Reputational risk**

The risk that the Company incurs losses due to such factors as a reduction in the number of customers (counterparties) because of the formation of negative image of financial stability, the financial position of the issuer, the quality of the work, is considered as minimal. The Company is a natural monopoly, there is an annual increase in the number of electricity consumers. In addition, the Company developed good practice for long-term cooperation with its partners.

**Strategy risk**

The Company, being a part of the unified integrated distribution power grid of Russia, seeks to achieve the objectives defines at the national level. The Strategy for development of integrated power grid of the Russian Federation was approved by the Decree of the Government of the Russian Federation of April 3, 2013 No.511-p. Since the Company is a subsidiary of PJSC Rosseti, the largest Russian systemically important electric grid company, the Company is a participant in implementation of policies and programmes on activities (business processes) of PJSC Rosseti.

The decision to start the implementation of a specific strategy (programme) in the activities of the Company shall be accepted by the Board of Directors.

The probability of the risk of losses arising from errors (defects) made in management decisions, defining the strategy and activities of the Company, is assessed as low.

Measures to prevent the occurrence of this risk are:

- elaboration of proposals and scenarios to improve the implementation of specific policies and programmes;
- analysis of effectiveness of particular strategy, adoption of managerial solutions by the results of analysis;
- development and implementation of key performance indicators to achieve policies, linking them with bonuses of managers of the Company;
- continuous monitoring by the structural units of the Issuer's the ratio of the cost of implementing a specific strategy to the received profit and submission to the Board of Directors of the Company of the information for decision-making (including, by definition, the quantity and quality of resources).

**Risks connected with Company's activity****Operational risks****Risks connected with the current legal trials**

The Company participates in legal trials the results of which can materially affect its financial and operational activities. PJSC Rosseti Kuban regularly monitors the judicial practice that allows to use this information for reaching positive judicial decision in its favor.

Currently there are no changes in judicial practice that can negatively affect at results of current trials and thus on the results of business activity of the Company.

*Risks connected with potential liability of the Issuer on debts of third parties including affiliates of the Company*

The Company has affiliate joint stock companies with owning of 100% shares in the authorized capital. As the parent Company for subsidiaries and affiliates, the Company can be responsible for their debts. These liabilities can negatively effect on results of financial and operational activities of the Issuer. The possibility of specified risks is evaluated as moderate.

*Risks connected with possibility of loss of customers that constitute at least 10% of total revenue from sales of products (work, services) of the Company*

The Company cooperates with main customers and is monopolist in sphere of services rendering on electric energy transmission in the regions of the Issuer's activity. The possibility of loss of main customers is minimal.

Risks in manufacturing activity of the Company:

- 1) systematic interruption of power supply of customers in the result of accidents and disturbances at grid sections and substation equipment;
- 2) violation of requirements of GOST 31144-2013 on providing the quality of electric energy;
- 3) disturbance of regime of electric energy transmission and reducing of quality of rendered services;
- 4) non-implementation of maintenance (including diagnosis) and repair on time;
- 5) emergency situations in related networks, that can breakdown the equipment of the Company;
- 6) excessive losses of electric power.

To reduce these risks, the Company focuses on development of electric grid complex with using of science based engineering decisions and technologies, tested in operation, modern electric equipment.

Increasing of tariffs on rendered services by the Company, due to increasing of "external" expenses influence on risks: purchased electric energy on losses compensation, changing of amount of payment of services for electric energy transmission of "FGC UES" PJSC and other factors.

The risk of occupational injuries is measured as critical with high level of consequences from implementation and smoothed by ensuring occupational safety by way of:

- issuing certified, high-quality protective equipment, detergents and disinfectants, serviceable tools, devices and control of their correct use;
- implementing and using technologies ensuring safe performance of works and safe working conditions;
- compliance with the requirements of regulatory legal acts on maintenance, in the field of labor protection, fire, industrial and environmental safety, including in the design, construction, upgrading and retooling;
- control of execution/implementation of programs containing requirements for labor protection and aimed at prevention of injuries (programs for elimination of places most likely to cause injury, etc.);
- timely providing workplace training on labor protection with quality control of their understanding.

#### Investment risks

Implementation of investment programme of the Company demands fund raising both owned and loaned, on conditions satisfying the requirements of tariff system.

The main of the investment risks is the risk of increasing the volume of financing of the investment program in general and/or in accordance with the Project Brief (in relation to the established limits), the untimely inclusion of projects in the investment program, the absence of a contractor, accessible equipment compliant with the necessary requirements for the implementation of innovation projects. At present, the current risks are assessed as moderate. To minimize risk of untimely and incorrect implementation of investment programme, the Company approved several local document aimed to fulfillment of control of terms and quality of investment projects.

## 6.9. Deferred taxes

In order to recognize revenues and expenses when calculating the income tax, the Company applies accrual method of accounting. The company accounts and includes in the report deferred tax assets and obligations on income tax. Deferred tax assets and obligations are accounted for temporary differences that are incomes and expenditures, which form the profit (loss) in one reporting period and taxable base on income tax in other reporting periods.

Current income tax is tax for taxation purposes defined in accounting on the basis of the amount of conditional tax, adjusted sum of permanent tax assets and liabilities as well as deferred tax assets and liabilities of reporting period. The future (deferred) component of income tax expense is reflected in the Statement of Financial Results.

Current income tax is recognized as obligation to budget equal to the amount of tax payable to the budget for the reporting period.

Income tax expense (qualified income tax) is calculated by multiplying accounting income (loss) by income tax rate, established in accordance with the legislation of the Russian Federation on taxes and dues.

The Company determined the following components of income tax in 2020, thousands of RUB:

Table 12 – **Income tax**

(thousands of RUB)

Line item	Amount	Tax rate	Amount	Income tax component
Profit/(loss) before tax	(1,384,286)	20%	(276,857)	Income tax expense (qualified income tax)
Change of taxable temporary difference	(1,304,700)	20%	(260,940)	Changes in deferred tax liabilities
including:				including:
- differences appeared	(1,872,505)	20%	(374,501)	accrued deferred tax liabilities
- differences are repaid	567,805	20%	113,561	deferred tax liabilities are repaid
Changes in deductible temporary differences	660,534	20%	132,107	Changes in deferred tax liabilities
including:				including:
- differences appeared	1,050,360	20%	210,072	accrued deferred tax liabilities
- differences are repaid	(389,826)	20%	(77,965)	deferred tax liabilities are repaid
Taxable (deductible) permanent differences	2,713,257	20%	542,651	Temporary tax asset (liability)
Taxable base	(684,805)	20%	(136,961)	Current tax

There are no reasons for changes in used tax rates versus the prior reporting period.

Information on profit taxation, deferred taxes flow is disclosed in Appendices 2.3 and 5.7.2.

#### **6.10. Cost of goods sold, production, works, services, selling costs, administrative expenses and other expenses**

Expenses (costs) are recognized in that reporting period where they occurred, regardless the time of the actual cash payment or another implementation (accrual principle assumption).

**Table 13 – Explanation of the balance item “Miscellaneous expenditures” as a part of prime cost**

(thousands of RUB)

<b>Indication</b>		<b>2019</b>	<b>2020</b>
<b>Line item</b>	<b>Line code</b>		
Cost of goods sold	6510	43,773,854	46,800,254
including			
Miscellaneous expenditures	6515	24,000,216	25,562,435
Including			
Services of distribution grid companies		12,371,771	12,876,119
Services of “FGC UES” PJSC		7,647,277	7,627,903
Other expenses		3,981,168	5,058,413



**6.10.1. Information on costs of energy resources use****Table 14 – Information on costs of energy resources use**

<b>Ser. No.</b>	<b>Accepted target indicators/indicators</b>	<b>Measurement unit</b>	<b>2019 (fact)</b>	<b>2020 (fact)</b>
<b>1.</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>5</b>
<b>1.1.</b>	<b>Electric power losses, including</b>	<b>Million rubles with VAT</b>	<b>9 433,909</b>	<b>9 940,924</b>
		<b>million kWh</b>	<b>2 426,390</b>	<b>2 340,764</b>
1.1.1.	Expenditure for electrical substation own needs	Million rubles with VAT	64,496	68,744
		million kWh	16,590	17,278
<b>1.2.</b>	<b>Consumption of resources for business needs including according to the type of resources</b>	<b>Million rubles with VAT</b>	<b>140,730</b>	<b>147,902</b>
1.2.1.	fuel and energy, including	Million rubles with VAT	137,690	144,892
		tonne of oil equivalent	4,166	4,142
1.2.1.1.	electric power	Million rubles with VAT	128,818	136,858
		thousand kWh	29 914,193	30 288,726
		thousand kWh for sqm of floor area	0,201	0,193
1.2.1.2.	heat energy	Million rubles with VAT	8,137	6,776
		Gcal	3 214,236	2 737,995
		Gcal for sqm of floor area	0,131	0,125
1.2.1.3.	natural gas	thousand m3	101,577	100,379
		Million rubles with VAT	0,735	1,259
1.2.2.	hot-water supply	thousand m3	–	–
		Million rubles with VAT	–	–
1.2.3.	cold-water supply	thousand m3	73,191	68,698
		Million rubles with VAT	3,040	3,009
<b>1.3.</b>	<b>Equipped with devices for energy resources accounting, consumed for housekeeping needs of the Company</b>	<b>%</b>	<b>100</b>	<b>100</b>
<b>1.4.</b>	<b>Equipped with smart devices for energy accounting of consumers at the retail market in accordance with the Intellectual Energy Accounting Development Program *</b>	<b>%</b>	<b>73,25</b>	<b>23,7</b>

\* Equipped with smart devices for energy accounting is determined in accordance with the requirements of Decree of the Government of the Russian Federation of June 19, 2020 No. 890 "On procedure for granting an access to the minimum set of functions of smart energy meters (capacity)".

## 6.11. Information on cash flows

In accordance with the Accounting Regulation 23/2011, the cash flows of organizations in the form of receipts and payments of value added tax (receipts from the buyers and clients, payments to suppliers and contractors and payments to the budget system of the Russian Federation and reimbursement from it) are recorded as compressed in the line 4129 "Other payments" of the form of balance sheet "Statement of Cash Flows" in the amount of 63,236 thousand rubles including:

- VAT as part of amounts received 7,885,069 thousand rubles;
- VAT as a part of amounts paid (5,686,100) thousand rubles;
- VAT, paid to the budget (2,135,733) thousand rubles.

The result: 63,236 thousand rubles.

Highly liquid investments (cash equivalents) that can most quickly and easily be converted into previously known cash and subject to low risk of changes in value for the period from January 1, 2020 to December 31, 2020 amounted 11,920,787 thousand rubles (certificate of deposit). Cash transfer into certificate of deposit that is recognized as cash equivalents, is not cash flow and is not reflected in the Statement of Cash Flows.

**Table 15 – The amount of a minimum cash balance on the current accounts of the Company as of December 31, 2020**

(thousand rubles)

Foundation (additional agreement, trade confirmation)	Transaction starting date	Transaction expiration date	Amount of a minimum cash balance
1	2	3	4
Application No.201 of December 30, 2020 to the supplementary agreement No.1- HO/407/30-1358 of November 6, 2018 to the contract No. 40702926 of December 26, 2016	December 30, 2020	January 11, 2021	20,000
<b>Total Bank "RRDB"( JSC)</b>			<b>20,000</b>

There is no overdraft debt of PJSC Rosseti Kuban as of December 31, 2020.

As of December 31, 2020 there are no guarantees of third-parties received and not used by the Company in order to receive a loan where the amount of cash (raised by the Company) is indicated.

Cash (or cash equivalents) that cannot be used by the Company (for example, letters of credit opened in favour of other organizations related to the transactions in progress as of reporting date) is absent as of December 31, 2020.

## 6.12. Information on segments

According to Accounting Regulations 12/2010, the management and decision-making structure of the organization and the internal reporting system were taken as bases of segmentation in the Company.

The Company determined the structure of the reportable segments:

- 1) Electric power transmission;
- 2) Technological connection to electric networks.

The Company discloses information in the Accounting (Financial) Statements only by the reportable segments. The remaining segments are recorded as the other segments in the Accounting Statements. Information on the reportable segments does not contain data on the cash flow from operating, investment and financial operations because of the labour intensity of its presentation in the accounting (financial) statements.

**Table 16 – Customers, revenue from sales which is less than 10% of the total revenue of the Company**

(thousands of RUB)

Ser. No.	Line item (client)	Total amount of revenue	Including: electric power transmission	Including: other services
1.	Independent Energy Selling Company of Krasnodar Region JSC	15,920,732	15,920,722	10
2.	TNS Energo Kuban PJSC	23,392,303	23,352,915	39,388

Besides, information on reportable segments is disclosed in Appendix 5.13.

## 6.13. Related party disclosure

### 6.13.1. List of related parties

The operations of PJSC Rosseti Kuban are strongly affected by following individuals/legal entities, which are affiliated to the Company. In accordance with the legislation of the Russian Federation, PJSC Rosseti Kuban publishes the lists of affiliates of PJSC Rosseti Kuban on its website at <https://rosseti-kuban.ru/aktsioneram-i-investoram/raskrytie-informatsii/spisok-affilirovannykh-lits-obschestva/>

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 Individuals/legal entities affecting the Company's activity:

- the largest shareholder of the Company – PJSC Rosseti (owns 93.44% of PJSC Rosseti Kuban shares);
- persons that are members of the management bodies of the Company (members of the Board of Directors, Management Board members, Chief Executive Officer of PJSC Rosseti Kuban).

PJSC Rosseti Kuban supervises the operations of its subsidiaries: Energetik Holiday Facility JSC and Kuban Energoservis JSC by methods of corporate management.

### 6.13.2. Operations carried out with related parties and transactions in progress with related parties where the settlements are executed through the bank under the terms of the contracts

**Table 17 – Revenues and debts related to them for 2019**

(thousands of RUB)

<b>Contractor</b>	<b>As of December 31, 2018</b>	<b>Accrued</b>	<b>Paid</b>	<b>As of December 31, 2019</b>
Energetik Holiday Facility JSC ***	260	2,694	(2,916)	38
Kuban Energoservis JSC ***	–	181	(181)	–
Rosseti PJSC ***	–	1,422	(1,422)	–
JSC Fiber Optic Transmission Systems Management	–	19,149	(19,149)	–
Main Data Processing Center of Power Engineering JSC	15	–	(15)	–
PJSC IDGC of the North Caucasus	42 444	43,464	(1,000)	84, 908

**Table 18 – Revenues and debts related to them for 2020**

(thousands of RUB)

<b>Contractor</b>	<b>As of December 31, 2019</b>	<b>Accrued</b>	<b>Paid</b>	<b>As of December 31, 2020</b>
Energetik Holiday Facility JSC ***	38	2,075	(2,044)	69
Kuban Energoservis JSC ***	–	2,321	(2,269)	52
PJSC Rosseti	–	1,422	(1,422)	–
JSC Fiber Optic Transmission Systems Management	–	5,227	(5,227)	–
PJSC Rosseti South *	–	4,639	(4,639)	–

**Table 19 – Expenses, other transactions and debts related to them for 2019**

(thousands of RUB)

<b>Contractor</b>	<b>As of December 31, 2018</b>	<b>Accrued</b>	<b>Paid</b>	<b>As of December 31, 2019</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
PJSC IDGC of the South *				
- other debts	–	(869)	869	–
Training Centre PJSC IDGC of Urals, Non-State Privately Owned Educational Institution of Continuing Professional Education *				
- other debts	–	(150)	150	–
PJSC IDGC of Urals				
- other debts	–	(2,665)	2,665	–
PJSC Rosseti ***				
- other debts	(24,206)	(168,629)	168,218	(24,617)
- dividends	–	(133,262)	133,262	–
- settlements with shareholders	–	(3,086,449)	3,086,449	–
PJSC FGC UES *				
- trading transactions	(1,238,241)	(10,145,002)	10,515,684	(867,559)
- other debts	(295,810)	(182,837)	466,646	(12,001)
- other debts	184,676	7,779	(181,960)	10,495
- provision	(167,449)	–	167,449	–
PJSC IDGC of the North Caucasus *				
- other debts	(54)	–	–	(54)
Energetik Holiday Facility JSC ***				
- other debts	–	(15,098)	14,968	(130)
Technical Customer Centre JSC *				
- other debts	(6,675)	(5,722)	10,190	(2,207)
JSC Kuban Energoservis ***				
- other debts	(5,771)	(86,680)	66,376	(26,075)
- dividends	–	(635)	635	–
PJSC Research and Development Center of Federal Grid Company of Unified Energy System (FGC UES) *				
- other debts	–	(50)	50	–
JSC Fiber Optic Transmission Systems Management *				
- trading transactions	(22,844)	(121,366)	43,191	(101,019)
- other debts	(15,722)	(112,729)	51,755	(76,696)
JSC Electrosetservis Unified National Electricity Grid *				
- trading transactions	(45,931)	–	45,931	–
- other debts	(45,834)	(123,167)	169,001	–

**Table 20 – Expenses, other transactions and debts related to them for 2020**

(thousands of RUB)

<b>Contractor</b>	<b>As of December 31, 2019</b>	<b>Accrued</b>	<b>Paid</b>	<b>As of December 31, 2020</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
PJSC Rosseti***				
- other debts	(24,617)	(168,451)	153,049	(40,019)
- dividends	–	(595,146)	595,146	–
PJSC FGC UES*				
- trading transactions	(867,559)	(9,232,575)	9,307,647	(792,487)
- other debts	(12,001)	(4)	11,985	(20)
- other debts	10,495	357,500	(361,112)	6,883
provision	–	–	–	–
PJSC Rosseti North Caucasus*				
- other debts	(54)	(14)	14	(54)
- other debts	84,908	57,307	(67,946)	74,269
- provision	–	(66,459)	–	(66,459)
Energetik Holiday Facility JSC***				
- other debts	(130)	(15,457)	15,282	(305)
Technical Customer Centre JSC*				
- other debts	(2,207)	(1,347)	2,115	(1,439)
JSC Kuban Energoservis***				
- other debts	(26,075)	(1,034,298)	789,977	(270,396)
- other debts	–	225,881	(198,339)	27,542
- dividends	–	(668)	668	–
PJSC Research and Development Center of Federal Grid Company of Unified Energy System (FGC UES)*				
- other debts	–	(35)	35	–
JSC Fiber Optic Transmission Systems Management*				
- trading transactions	(101,019)	(294, 892)	119,527	(276,384)
- other debts	(76,696)	(106,691)	160,222	(23,165)

\* The legal entity is a member of the same group of persons to which the Company belongs.

\*\* The legal entity is entitled to manage more than 20% of shares of the Company.

\*\*\* The Company is entitled to manage more than 50% of total votes, attached to the shares that constitute the charter capital, the interest of this legal entity.

Write-off of accounts receivable for which the statute of limitations has expired and other bad debts, including write-off out of provision for doubtful debts, has not been made.

**6.13.3. Benefits payable to key management personnel****Table 21 – Information on the amounts of key management personnel benefits**

Types of benefits	Members of the Board of Directors		Members of the Auditing Committee		Members of the Board	
	2019	2020	2019	2020	2019	2020
<b>1. Short-term benefits, including</b>	<b>17,557</b>	<b>29,493</b>	<b>1,030</b>	<b>844</b>	<b>1,727</b>	<b>2,271</b>
<b>1.1. Employee Remuneration for the reporting period (without vacation pay)</b>	<b>13,765</b>	<b>23,326</b>	<b>790</b>	<b>648</b>	<b>1,459</b>	<b>1,918</b>
a) bonus	–	–	–	–	–	–
b) fringe benefits	–	–	–	–	–	–
c) other types of compensation given to employees as a result of specific labor indications and bottom line	–	–	–	–	–	–
<b>1.2. Annual paid leave for the work in the reporting period</b>	–	–	–	–	–	–
<b>1.3. Other benefits in favour of key management personal (regardless terms and conditions of an Employment Contract) total, including</b>	–	–	–	–	–	–
a) compensations for community charges;	–	–	–	–	–	–
b) health benefits (insurance);	–	–	–	–	–	–
c) lump-sum payments related to financial aid for vacation	–	–	–	–	–	–
d) full or partial payment for recreation;	–	–	–	–	–	–
e) full or partial payment for education for Company's personal benefit;	–	–	–	–	–	–
f) other (please specify) including:	–	–	–	–	–	–
Compensation for residential lease	–	–	–	–	–	–
Severance pay	–	–	–	–	–	–
<b>1.4. Accrued taxes and other compulsory payments to the corresponding budgets and extra-budgetary funds</b>	<b>3,792</b>	<b>6,167</b>	<b>240</b>	<b>196</b>	<b>268</b>	<b>353</b>
<b>2. Long-term benefits, including:</b>	–	–	–	–	–	–
<b>2.1. Post-employment benefits, including</b>	–	–	–	–	–	–
a) payments under the voluntary insurance agreements concluded with the insurance companies	–	–	–	–	–	–
b) payments under non-state pension agreements, concluded with non-state pension funds;	–	–	–	–	–	–
c) other payments, guaranteeing payment of pension benefits and other social guarantees after termination of labor activity;	–	–	–	–	–	–
<b>2.2. Other long-term benefits</b>	–	–	–	–	–	–
<b>2.3. Long-term benefits accrual</b>	–	–	–	–	–	–
<b>3. Total benefits (short-term and long-term benefits) excluding accruals on them</b>	<b>13,765</b>	<b>23,326</b>	<b>790</b>	<b>648</b>	<b>1,459</b>	<b>1,918</b>
<b>4. Total benefits accruals (short-term and long-term benefits)</b>	<b>3,792</b>	<b>6,167</b>	<b>240</b>	<b>196</b>	<b>268</b>	<b>353</b>

## **6.14. The going concern principle**

Accounting (financial) statements of PJSC Rosseti Kuban for 2020 were drawn up in accordance with the going concern principle, which assumes that the Company is able to sell its assets and fulfil its liabilities in the normal course of business in the foreseeable future. As reflected in the present accounting (financial) statements, the Company's financial result (loss) in 2020 amounted to 1,501,278 thousand rubles which was mainly driven by the impact of negative consequences associated with the spread of COVID-19 (in 2019 net profit amounted to 2,503,683 thousand rubles as a result of one-time revenue receipts for technological connection from the large declarant of the Federal State Institution "Rostransmodernizatsiya"), short-term liabilities of the Company as of December 31, 2020 amounted to 18,020,846 thousand rubles; including debt obligations in the amount of 5,553,866 thousand rubles. Available credit limits are opened up by the Company which makes it possible to refund borrowings subject to prompt repayment in 2021. As of December 31, 2020, the total amount of credit limit with termination of drawdown period in 2021-2025 amounted to 37,112,578 thousand rubles, including in the amount of 12,500,000 thousand rubles – in PAO Sberbank, in the amount of 6,537,578 thousand rubles - in Bank "RRDB" (JSC), in the amount of 18,075,000 thousand rubles – in VTB Bank (PJSC).

According to the forecasts of the Company Management, the net operating cash flow in 2021 will be sufficient to cover Company's liabilities payable in 2021.

Thus, despite the shortage of working capital, the Company's management believes that the Company will be able to meet all its current obligations in 2021.

## **6.15. Estimated liabilities, contingent liabilities and assets**

In 2020, the Company recognized in the accounting the estimated liabilities related to the possible compensation payments for unused vacations in the amount of 519,632 thousand rubles, previously formed estimated liability in the amount of 465,816 thousand rubles, ending balance of the reporting period amounted to 316,830 thousands rubles. As of December 31, 2020, the estimated liability was formed, related to the possible benefits pay according to the results of the year in the amount of 316,770 rubles.

The amount of the estimated liability according to the unsettled claims of the suppliers at the beginning of the reporting period is recorded in the Accounting (Financial) Statements in the amount of 500,474 thousand rubles, including 208,963 thousand rubles as related to non-consensual amount of loss, 290,650 thousand rubles as related to services for transmission of energy. Charges amounted to 385,006 thousand rubles, including 117,559 thousand rubles as related to non-consensual amount of loss, 257,593 thousand rubles as related to services for transmission of energy. The amount of estimated liability according to the unsettled claims of the suppliers at the end of the reporting period amounted to



683,734 thousand rubles, including 325,464 thousand rubles as related to non-consensual amount of loss, 348,416 thousand rubles as related to services for transmission of energy.

As of December 31, 2020, the on-site tax inspection for 2016-2018 has been completed, but the inspection certificate until the date of signature of the statements has not been submitted by the tax authority. For this purpose, the Company's Management, acting on the prudence principle, made a decision on reserve for estimated liabilities for tax risks in the amount of 156,967 thousand rubles.

As of December 31, 2020, the amount of provision for lawsuits amounted to 52,860 thousand rubles (Appendix 5.7.1.).

Discounting of the amounts of estimated liabilities, recognized by the Company is not applicable, because the expected deadline for the fulfilment of obligations is less than 12 months after the reporting date.

The expected amounts of counter-claims or amounts of the third party claims in reimbursement of expenses that the Company is going to incur during the fulfilment of obligations, and also the assets recognized on such claims in accordance with the Clause 19 of the Accounting Regulation 8/2010 as of the reporting date are absent.

According to the continuous development of practical application of taxation rules, the property tax may be disputed by the tax authorities and courts related to the movables and immovable, used by the Company. Risk of tax claims, as well as probability of adverse settlement of tax disputes (if they arise) is estimated by the Company as "possible". The Company's Management estimates conditional tax risks within 700 million rubles that does not exceed 1 percent of the asset value.

## **6.16. Events after the reporting period**

Accounting for events after the reporting date and disclosure of information concerning these events in the statements is kept by the Company in accordance with the Accounting Regulation 7/98 "*Events after the reporting date*", approved by Order of the Ministry of Finance of the Russian Federation No. 56n of November 25, 1998.

On January 21, 2021 (Minutes No. 418/2021 of January 22, 2021), the Board of Directors of PJSC Rosseti Kuban made a decision on convocation of the extraordinary General Meeting of the Company's Shareholders on February 24, 2021. The item on increasing the charter capital of PJSC Rosseti Kuban by floating additional shares was included on the agenda.

It is planned to increase the charter capital of PJSC Rosseti Kuban by floating additional ordinary shares in the quantity of 69,583,132 units (sixty nine million five hundred and eighty three thousand one hundred and thirty two) at nominal value of 100 (one hundred) rubles per share for a total amount at nominal value of

6,958,313,200 (six billion nine hundred and fifty eight million three hundred and thirteen thousand two hundred) rubles.

Economic events that have or may have an impact on financial position or operating results of the Company, that occur between the reporting date (December 31, 2020) and the date of signing of the Accounting (Financial) Statements of PJSC Rosseti Kuban for 2019 are absent.

Chief Executive Officer of  
PJSC Rosseti Kuban

S.V. Sergeev

Chief Accountant-Head of the  
Accounting and Tax Accounting  
Department of PJSC Rosseti Kuban

I.V. Skiba

February 24, 2021

## **Appendices to the Balance Sheet and Statement of Financial Results**

- Appendix 5.1.1 “The existence of intangible assets and intangible assets turnover”
- Appendix 5.2.1 “The existence and turnover of R&D deliverables”
- Appendix 5.2.2 “Incomplete and unexecuted R&D and incomplete operations on purchase of intangible assets”
- Appendix 5.3.1 “The existence and movement of fixed assets”
- Appendix 5.3.3 “Changes in value of fixed assets as a result of further construction, further equipping, reconstruction and partial liquidation”
- Appendix 5.3.4 “Other usage of fixed assets”
- Appendix 5.3.5 “Capital investments in progress”
- Appendix 5.3.6 “Advances issued for investment building and purchase of fixed assets”
- Appendix 5.4.1 “The existence and turnover of financial investments”
- Appendix 5.4.2 “Adjustments of estimates of financial investments”
- Appendix 5.5.1 “The existence of inventory and inventory turnover”
- Appendix 5.5.2 “Pledged inventory”
- Приложение 5.6.1 “The existence and turnover of accounts receivable”
- Приложение 5.6.3 “Overdue accounts receivable”
- Appendix 5.6.5 “The existence and turnover of accounts payable”
- Appendix 5.6.6 “Overdue accounts payable”
- Appendix 5.6.7 “Loans and borrowings”
- Appendix 5.6.8 “Expenses for loans and borrowings”
- Appendix 5.7.1 “Estimated liabilities”
- Appendix 5.7.2 “Deferred taxes”
- Appendix 5.8 “Securities”
- Appendix 5.9 “Government assistance”
- Appendix 5.11 “Other revenues and expenses”
- Appendix 5.13 “Information on reportable segments”
- Appendix 2.1 “Cost of goods sold, works and services according to elements of costs”
- Appendix 2.2 “Profit accrued to one share, diluted earnings per share”
- Appendix 2.3 “Profit taxation”