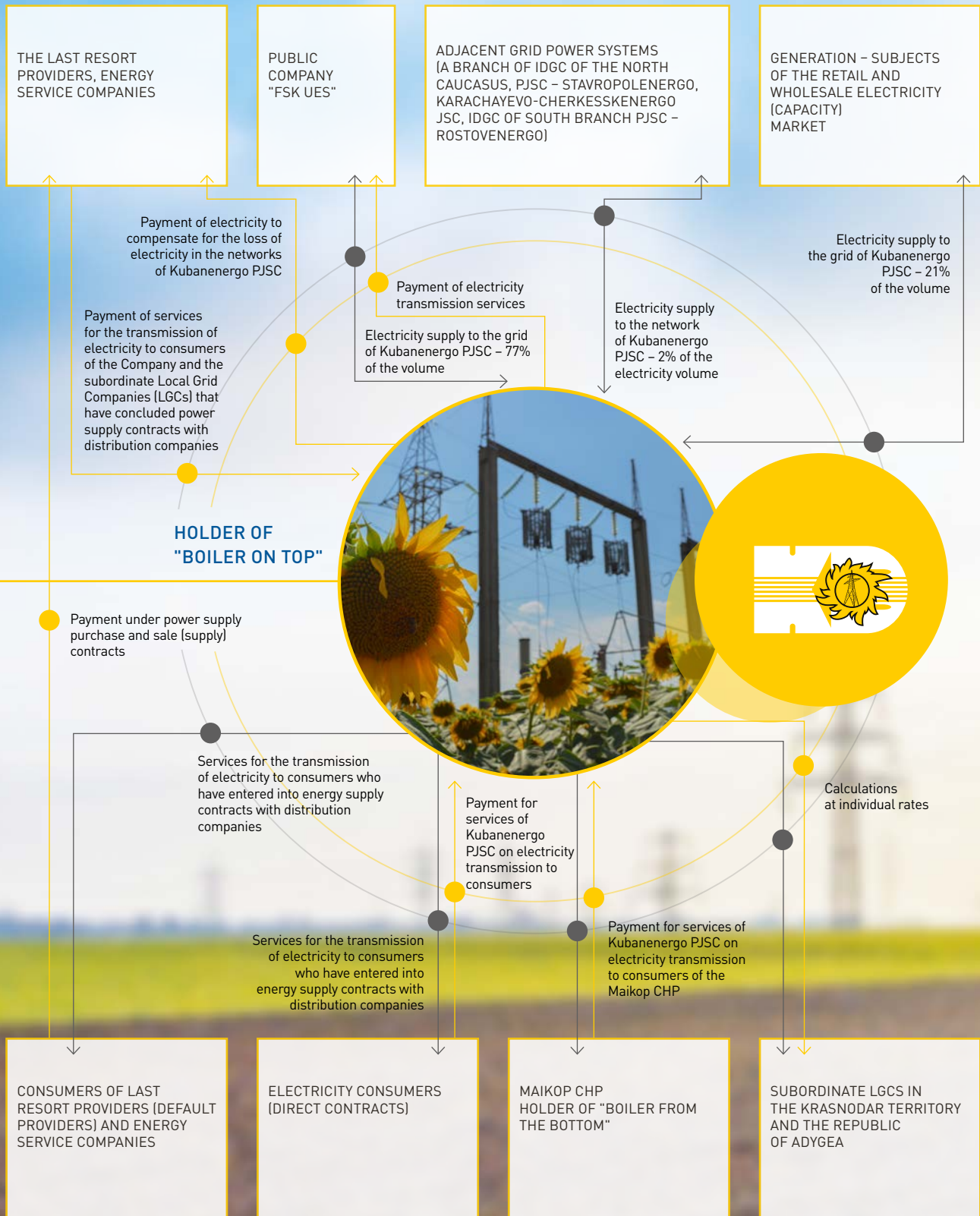


THE DIAGRAM OF THE COMPANY'S MAIN ACTIVITIES



● Financial Flows
● Electricity Flows

Electricity comes to the Company's networks:

- by the Unified National Power Grid (UNPG) networks from PJSC Federal Grid Company of the Unified Energy System of Russia (FGC UES), – 77% in the reporting year;
- 21% directly from Generation Facilities – in the reporting year;
- from adjacent energy systems (branch of IDGC of the North Caucasus PJSC, – Stavropolenergo, Karachayevo-Cherkesskenergo JSC, a branch of IDGC of South PJSC – Rostovenergo) – 2% in the reporting year.

Consumers of Kubanenergo PJSC services for electricity transmission are:

- individuals and legal entities, which electrical systems are connected to the Company's power grids and who have concluded power supply agreements with default providers (energy service companies)¹;
- consumers who have concluded contracts for electricity transmission services directly with the Limited Liability Company connected to the Company's power grids (94 consumers in the reporting year, including Novoroscement OJSC, Tamaneftgaz CJSC, LLC EuroChem-Belorechensk Mineral Fertilizers, LLC Poultry Farm "Primorskaya", JSC APF "Fanagoria", JSC Agrofirma-tribal plant "Victory", FSBI "Kubanmeliovodkhoz" Administration, LLC "Sad-Gigant", Novoroslesexport JSC, JSC "Abrau-Dyurso", JSC Verkhnebakansky Cement Plant, JSC Experimental Production Farm, Stud Farm "Leninsky Put", CJSC Stud Farm Gulkevichsky, JSC "RAMO-M", LLC "Novomol", PJSC "Novorossiysk Commercial Sea Port", LLC "Formica-Yug", LLC "Kanevskoy Gas Fitting Plant", JSC "IPP", etc.).

Payment of the Company's services for the transmission of electricity, respectively, comes from energy sales companies and direct consumers.

To compensate for the loss of electricity arising from its transmission in the Company's networks, Kubanenergo PJSC acquires the corresponding amount of electricity from power supply companies.

THE INDIVIDUAL BOILER METHOD OF PAYMENT FOR THE TRANSMISSION OF ELECTRICITY HAS BEEN OPERATING IN THE REGION SINCE 2007

For all consumers of power transmission services of the Kuban and the Republic of Adygea, belonging to the same tariff group, there is a individual (boiler) tariff, regardless of the network of which grid organization they are connected to.

THE MAIN TARIFF-CONTRACTUAL MODEL, USED FOR CALCULATIONS, IS THE "BOILER AT THE TOP"

The status of the backbone network organization – the "boiler holder" was assigned to the Company. According to this model, consumer payments for electricity transmission services rendered to them (no matter which network organization they are connected to) are received by Kubanenergo PJSC, after which the Company makes settlements with the subordinate LGCs, which networks the consumer's power receivers are connected to, at individual rates.

FROM SEPTEMBER 22, 2011, AN INDIVIDUAL "BOILER AT THE BOTTOM" MODEL FOR THE ARRANGEMENT OF LLC MAIKOP CHP NETWORK ALSO OPERATES IN THE REGION

Under this pattern, payments for the transmission of electricity from consumers connected to LLC Maikop CHP come to this grid organization at a single boiler tariff, and LLC Maikop CHP pays for the transmission of electricity through the Company's grids at the individual tariff.



1. The last resort providers (energy service companies), in order to fulfill the specified energy supply agreements, in turn, concluded contracts for the provision of electricity transmission services with Kubanenergo PJSC. In 2018, the Company had contractual relationships with two default providers and 32 energy service companies, the largest of them are PJSC 'TNS energo Kuban' (46% of the revenue from the actually rendered services) and NESK JSC (36% of revenue).