

# Message from the General Director

## Dear colleagues!

At the beginning of 2023, the restructuring of PJSC Rosseti was completed, which resulted in the creation of a single centre for managing the Russian Federation's transmission and distribution grid complexes as accordingly reflected in the Annual Report presented herewith. We have already seen positive results: the restructuring improved the Group's operational efficiency, eliminated duplication, and ensured stress resistance to external factors.

Most importantly, it has allowed for a more efficient accomplishment of the tasks assigned to the Rosseti Group. This primarily concerns improving the reliability of infrastructure and implementing projects of nationwide scale.

## Scale expansion

Rosseti is the largest power grid company in Russia and one of the largest in the world. Our geographic reach covers 82 constituent entities of the Russian Federation. Our grids transmit more than 80% of the electricity generated in the country.

In accordance with the decisions of the Shareholders Meeting, the Company announced an additional share issue, under which the state contributed assets in the Novosibirsk, Irkutsk, and Murmansk Regions, the Republic of Crimea, the Krasnoyarsk Territory, and a number of other regions to the authorised capital.

## Heading to reliability

In 2023, the domestic economy not only remained resilient to external challenges but also showed strong growth, as evidenced by changes in energy consumption and, accordingly, electricity delivery from the grid.

The upward trend in production indicators and management's consistent efficiency improvement efforts supported by the Board of Directors enabled the Rosseti Group to achieve strong financial results. At year-end 2023, IFRS profit totalled RUB 161.3 billion.

Despite a significant 22% increase in the number of hazardous weather events, the Rosseti Group managed to keep the specific accident rate at a level comparable to that of 2022, and in the transmission grid sector the accident rate decreased by more than 3%.

Of course, these are average figures. Certain regions still face extremely challenging conditions necessitating extra care because of the equipment cumulative wear and tear from earlier years. Hence, it is so important that 2023 witnessed the decision to allocate federal budget funds for nine priority reliability improvement initiatives<sup>1</sup> jointly devised by the Company and the Minenergo of Russia.

## Unprecedented investments

In the reporting period, the Rosseti Group passed the mark of having 2.5 million kilometres of power transmission lines under management. This is the result of brisk infrastructure growth: we commissioned about 37,000 kilometres of PTLs and almost 9.9 GVA of transformer capacity.

The investment programme has grown to a record level of about RUB 536.9 billion. We have completed undertakings of a scale never seen before. This primarily involves the completion of the first phase of power supply to the Eastern Railway Range. All planned activities were put into effect as scheduled.

All facilities are now being built with import substitution rates as high as 90% or more. We co-operate with leading equipment manufacturers and carry out our own scientific and research activities.

Another key area is upgrading and reequipment. I can think of several major substations completed in 2023 in St. Petersburg and in Moscow and the Moscow Region. Moreover, we finished the large-scale grid renovation programme in Kaliningrad, covering a total of 300 facilities at once. Considering the unique significance that the exclave territory plays, this project is truly historic.

Rosseti also built and renovated hundreds of substations and powers transmission lines that are needed to connect new residential buildings, hospitals and schools, sports and cultural facilities, small and medium-sized businesses, and road infrastructure. In total, Group's companies fulfilled about 406,000 grid connection agreements during the year.

**I can wrap up by saying that we plan to keep working in all focus development areas in 2024. The Company's strategic priorities remain unchanged. First of all, it is to ensure reliable and high-quality power supply for comfortable life of people and stable growth of the Russian economy.**

**We are planning major launches to strengthen regional energy systems, implement the second stage of development of the Eastern Railway Range, and make grid connection of new social facilities and industrial enterprises that bring in job opportunities.**

**Addressing the issue of ownerless grids is also of great importance. We have made significant progress in this area: in 2023 alone, we declared the ownership of about 18,700**

**facilities. Behind each such decision lie dozens, if not hundreds, of accounts of people whose reliable electrical supply was threatened and uncertain. We remain actively seized of the matter.**

**Reliability and economic efficiency will continue to be the centre of attention. We plan to further unify standards and management principles at the Rosseti Group's subsidiaries, digitalise business processes, and implement a range of measures to reduce power losses and increase labour productivity.**

**Naturally, our most valuable resource is our team of over 235,000 professionals<sup>2</sup> who work together to achieve the Company's objectives, do their jobs with responsibility, and significantly impact the final outcome. I have no doubt that, working together, we can complete every task that we have set for ourselves.**

**Andrey Ryumin**  
General Director,  
PJSC Rosseti



<sup>1</sup> Pursuant to RF Presidential Instruction No. Pr-325 dated 29 December 2021, the Company put reliability improvement programmes in place for nine regions (the Chechen Republic, the Republics of Dagestan, Ingushetia, Karelia, as well as Astrakhan, Arkhangelsk, Novgorod, Pskov and Tver Regions). The Minenergo of Russia signed off on priority measures totalling RUB 49 billion. For the period 2022 to 2026, there is an allotment of RUB 35.7 billion from federal budget.

<sup>2</sup> Headcount of all Rosseti Group's companies as of 31 December 2023.