

Analysis of Financial Results

The Rosseti Group showed steady financial performance by the end of 2023.

The changes in net income, EBITDA and EBITDA margin for the Rosseti Group were primarily impacted by the following factors:

- Increase in revenue from electricity transmission services due to changes in the relevant tariffs from 1 December 2022 and from 1 May 2023 as part of the tariff and balance decisions adopted, as well as growth in the volume of services rendered

- Increase in revenue from grid connection services under contractual obligations 2023 saw a lot of activity from large consumers due to the state support measures



— How would you evaluate the Company's 2023 financial performance?

— The 2023 results are indicative of the Company's strong financial position. Revenue increased to RUB 326.2 billion and EBITDA — to RUB 171.6 billion. Profit of RUB 66.9 billion was cleared, minus the investments revaluation.

The growth of key financial indicators made it possible to secure sources of funding for the large-scale investment programme, which exceeded RUB 240 billion. Obligations to implement infrastructure projects of state importance, including the development of the Eastern Railway Range, are being fulfilled in full.

The measures to maintaining financial stability and the additional indexation of tariffs from 1 May 2023 helped to maintain the debt load and create significant investment potential to finance strategic infrastructure projects.

— What are the key measures that ensure financial stability in the Company?

— The Company exercises constant and strict control over expenditures and revenues. The budgeting process ensures equilibrium of cash flows and is aimed at efficient utilisation and distribution of the Company's financial resources amid state regulation of tariffs.

Debt and liabilities are managed within the framework of the Regulations on the Credit Policy of PJSC Rosseti approved by the Board of Directors. The credit policy consistently minimises the risk of the Company's insolvency and ensures its financial stability in the longer term.

Continuous measures to improve operational efficiency and systematic cost management create conditions for maintaining a stable financial position.

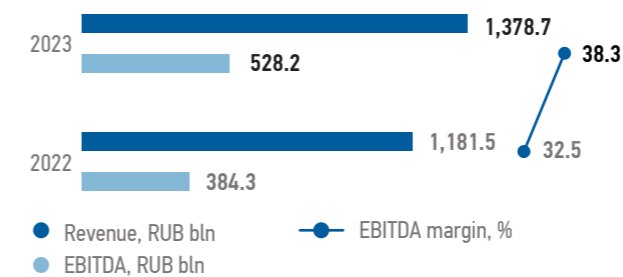
— What are the cost reduction tools that you apply? How effective are they?

— Improving internal efficiency has always been a priority. Rosseti is implementing a relevant programme aimed at minimising the resources consumed without compromising the reliability, quality and availability of power supply to consumers. To achieve the results desired, we turn to optimising maintenance and repair management processes, improving the efficiency of fixed asset management, reducing administrative and management expenses, using the results of benchmarking data on operating costs of production units, and implementing digital transformation projects. At the end of 2023, the year-on-year decrease in specific operating costs was 2.1%.

Artem Alyoshin,
Acting Deputy General Director for Economics and Finance

Behaviour pattern of Rosseti Group's key financial indicators

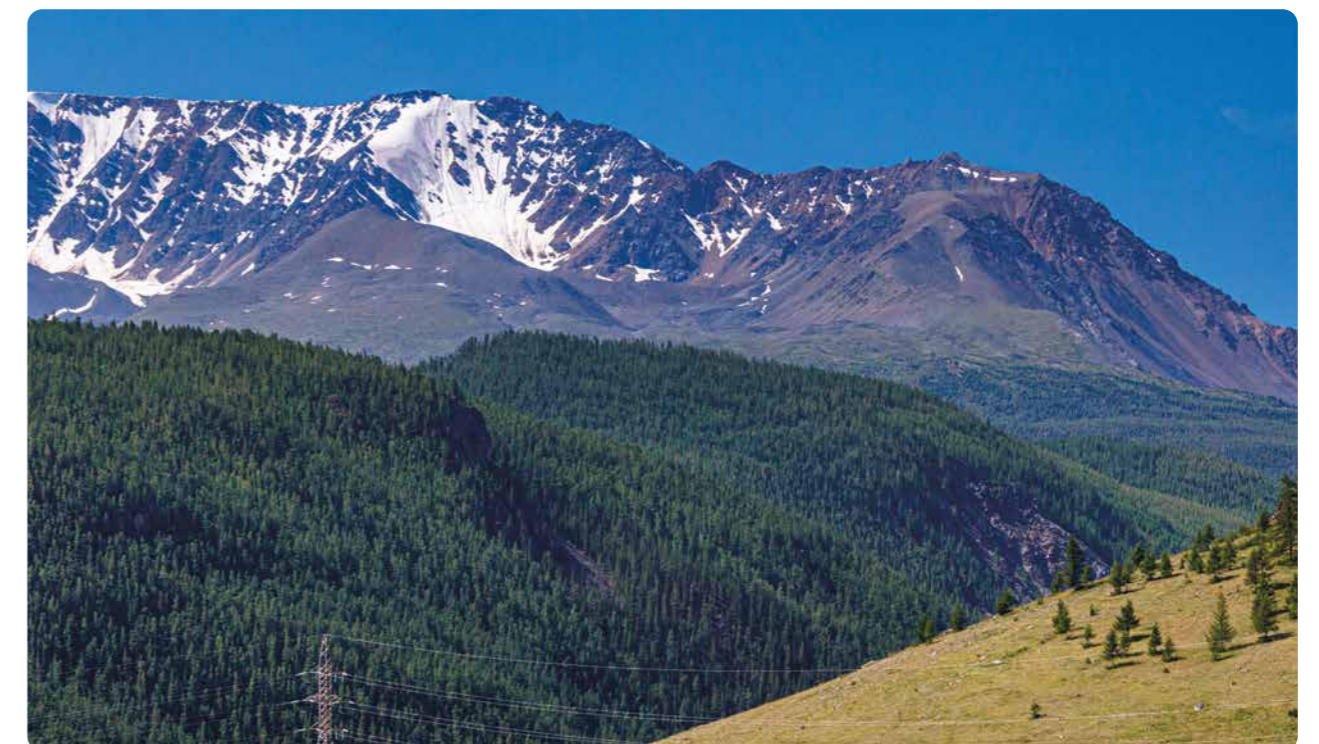
Indicators	2022	2023
Revenue, RUB bln	1,181.5	1,378.7
Operating expenses, RUB bln	993.4	1,110.9
Net profit, RUB bln	132.8	161.3
EBITDA ¹ , RUB bln	384.3	528.2
EBITDA margin ² , %	32.5	38.3
Net cash flow from operating activities, RUB bln	322.2	472.6
Debt ³ , RUB bln	649.3	646.5
Assets, RUB bln	2,924.3	3,290.8
Liabilities, RUB bln	1,317.0	1,438.9



The Group's debt portfolio remained flat with the last year level.

Net cash from operating activities increased by 46.7%. The growth of net cash flow was mainly attributed to the growth of target investment profit, as well as a larger amount of prepayments received for the grid connection projects.

Net profit totalled RUB 161.3 billion (up 21.5% year-on-year). Revenue grew by 16.7% to RUB 1,378.7 billion. EBITDA rose by 37.4% to RUB 528.2 billion.



¹ EBITDA is calculated as earnings before income tax expense, interest expense, depreciation and amortisation and net impairment loss.
² EBITDA to revenue ratio.
³ Amount of long-term and short-term borrowings.