

## Opportunities and threats for the Rosseti Group

The Company has ample opportunities to ensure continuous operations and sustainable development. The Company's weaknesses and threats are assessed on an ongoing basis as part of risk management processes and are taken

into account when updating the strategy and long-term development programme to mitigate possible negative consequences.

### Strengths

- Strategically important organisation with a special status of development, management of UNPG and distribution grid complex and participation in ensuring energy security of the country
- Infrastructure with extended geographic reach
- Status of a natural monopoly
- Highly qualified technical personnel and high-quality engineering solutions
- Stable financial position
- Recognisable brand
- Large companies (with large volumes of energy consumption and sustainable development) in the portfolio of service consumers

### Weaknesses

- Level of marginal profitability depends on the adopted tariff decisions
- High depreciation of distribution grid assets
- Long investment cycle of high-voltage facilities and high capital intensity of investment projects
- Lack of quick solutions in the field of import substitution for a number of important items of equipment and software

### Opportunities

- Active participation in energy transition processes as an infrastructure company
- Improvement of operational efficiency through the introduction of IT tools, new technologies and optimisation of business processes
- Utilisation of the network format to develop additional/new services and services for customers

### Threats

- Economic stagnation and population reduction, slowdown of energy consumption growth rates
- Development of own distributed generation by large consumers
- Introduction of lean power consumption culture and technologies leading to reduced power consumption volumes
- Development of technologies for supplying electricity to consumers without using distribution grids of the power grid complex
- Lack of technological sovereignty (for high-voltage power grid equipment)
- Unlawful interference with power grid facilities and their information and telecommunications systems

## Factors of the Rosseti Group's investment attractiveness



### Leadership

- The Rosseti Group is one of the largest power grid holdings in the world
- 80% of electricity in the country is transmitted through the grids of the Rosseti Group's companies



### Scale and development

- The Rosseti Group's companies supply power to consumers in 82 Russian regions



### Quality and reliability

- Focus on to improving Isaidi, and Isaifi and lens, MWh
- 9.65 points (out of 10 possible level) — customer satisfaction with grid connection service



### Operational efficiency

- For 2023, the unit operating expenses decrease by 2.1% year-on-year



### Cutting-edge technologies

- Digital transformation of the Group's companies contributes to cost reduction and increased reliability of energy supply



### Experience and professionalism

- Unique competences of personnel
- Long track record of complex industry projects
- Successful experience of pilot projects in the field of digital transformation



### Financial performance

- Stable financial performance, low debt load Consistent implementation of a conservative financial policy
- High credit quality allows the Company to implement an effective borrowing policy on capital markets
- Highest grade of the Company's creditworthiness: sovereign credit rating of AAA (RU) on the national scale by ACRA (JSC)



### Commitment to ESG principles

- Effective health and safety management system. Low rates of industrial injuries
- Low environmental impact. In the course of their core operations, the Rosseti Group's companies do not emit significant direct greenhouse gas emissions into the atmosphere
- Constant communication with representatives of all stakeholders through various communication channels and interaction mechanisms
- Contribution to the development of regions of operation and the implementation of Russia's National Projects



### High level of corporate governance

- Recognition by independent experts and high scores in self-assessment of corporate governance quality
- Effective risk management and internal control
- Highly professional management motivated to achieve strategic goals