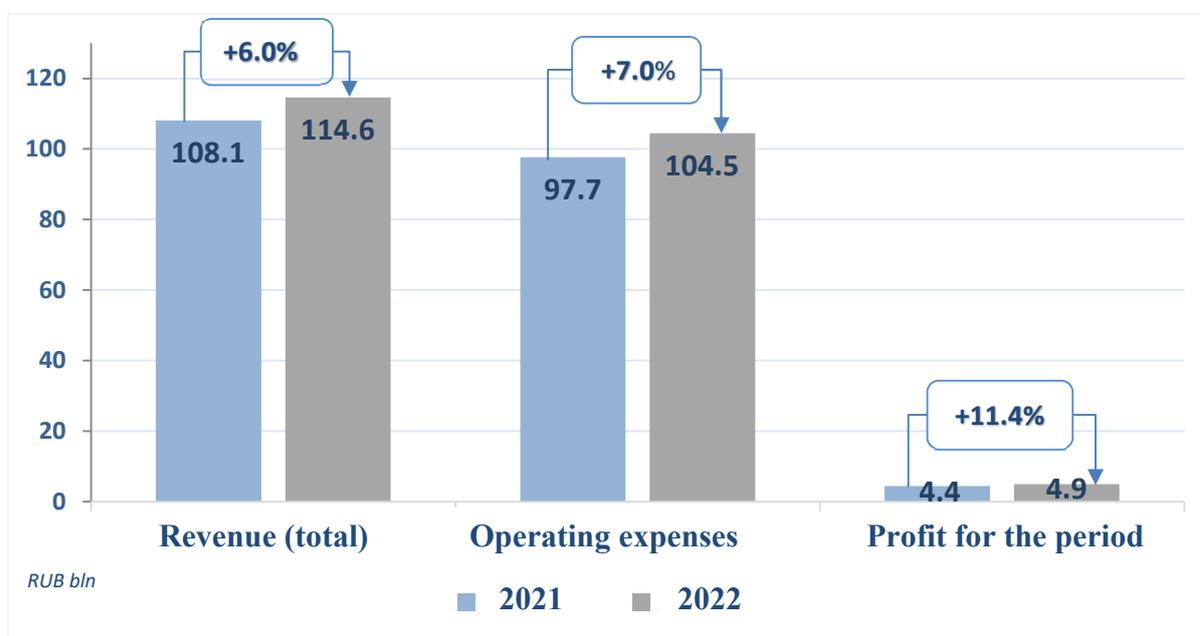


The Management Discussion and Analysis of PJSC “Rosseti Centre” to Consolidated Financial Statements of the Company, including its financial condition and performance results (MD&A)

The primary activities of PJSC “Rosseti Centre” (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter together referred to as the “Group of Companies”) are provision of services for transmission and distribution of electricity for power grids, the provision of services for technological connection of consumers to the network, as well as the sale of electricity to the end consumer in a number of regions of the Russian Federation.

The Group of Companies, in addition to the Company, includes specialized electric grid and non-core subsidiaries in several regions of the Russian Federation.

The Company has published its audited Consolidated Financial Statements for 2022 in accordance with International Financial Reporting Standards (IFRS). Profit for the period amounted to RUB 4.9 bln, which is higher than the indicator last year by RUB 0.5 bln.



Revenue for the reporting period is RUB 114.6 bln, including revenue from electricity transmission — RUB 106.0 bln, revenue from technological connection — RUB 2.8 bln, other revenue — RUB 5.6 bln and revenue for lease agreements – RUB 0.19 bln.

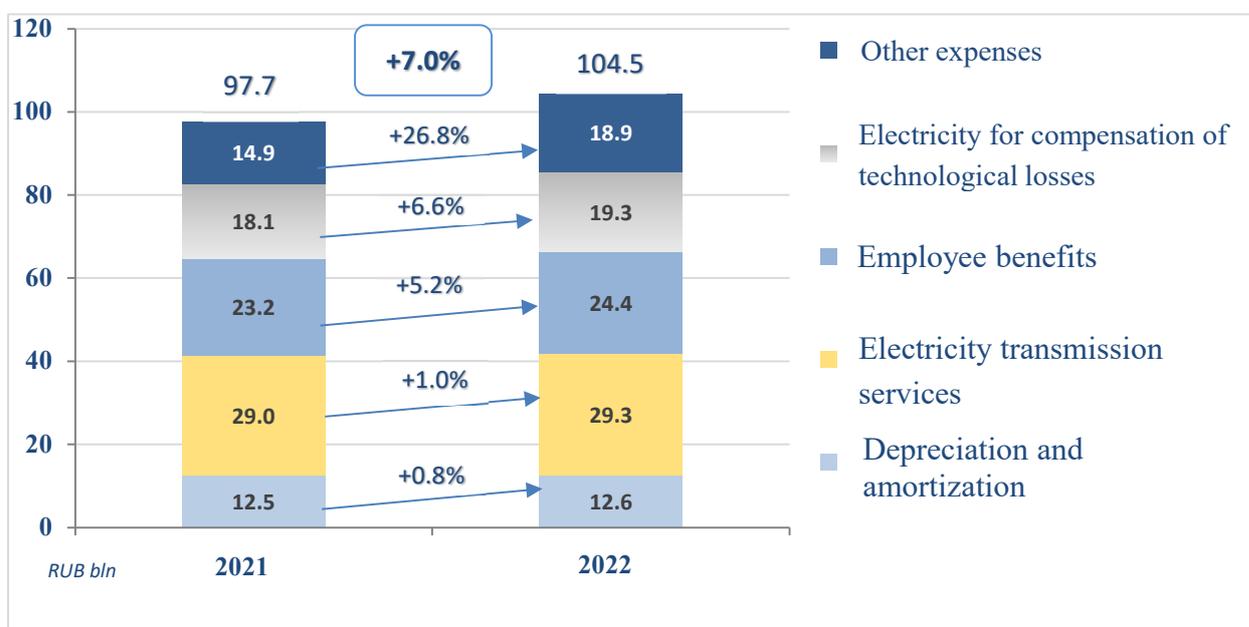
Data in billion RUB, unless otherwise stated

Indicators	2022	2021	Change
Revenue (total), including:	114.6	108.1	6.0%
Electricity transmission services	106.0	102.3	3.6%
Technological connection services	2.8	1.7	64.7%
Revenue from resale of electricity and capacity	0.6	0.6	0.0%
Other revenue	5.0	3.5	42.9%
Revenue from lease agreements	0.19	0.06	216.7%

*Data of the Consolidated Financial Statements, rounded up to RUB bln

The main factors that influenced the growth in the consolidated revenue are an increase in revenue from electricity transmission due to growth in the boiler tariffs.

Operating expenses of the Group of Companies following the results of 2022 amounted to RUB 104.5 bln, which is 7.0% higher than the indicator for 2021.



The increase in electricity costs to compensate for technological losses was due to growth in the price of electricity and a change in the volume of losses because of the consolidation of power grid assets of JSC “LGEK” in the Lipetskenegero branch in the 4th quarter of 2021.

The increase in other operating expenses was caused both by inflationary growth in prices and a significant increase in the volume of non-regulated services compared to the previous year, as well as one-time factors: an increase in the volume of measures aimed at reducing the level of electricity losses in networks (the expenses are offset by a reduction in the cost of compensating for electricity losses), settlement of debt under contracts for transmission and sale of electricity, purchase of electricity to compensate for technological losses.

Additional factors that influenced the growth of operating expenses are the increase in depreciation charges due to the commissioning of items of fixed assets as a result of the implementation of the Investment Program, as well as an increase in the cost of employee benefits, due to the indexation of wages and payment for overtime work in the elimination of power outages caused by adverse natural phenomena.

Name	2022	2021	Change	
			absolute	%
EBITDA, bln RUB	24.7	23.0	1.7	7.4%
EBITDA margin, %	21.6	21.3	0.3 p.p.	1.4%
Financial stability ratio	0.57	0.69	-0.12	-17.4%
Equity to total assets	0.37	0.38	-0.01	-2.6%
Current liquidity ratio	0.52	0.61	-0.09	-14.8%
A/R to A/P ratio	0.56	0.74	-0.18	-24.3%
A/R turnover, days	46	48	-2	-4.2%

Earnings before Interest, Taxation, Depreciation & Amortization (EBITDA) following the results of 2022 amounted to RUB 24.7 bln. EBITDA margin following the results of 2022 amounted to 21.6%.

The financial stability ratio shows the share of long-term sources of financing (more than a year) that the company uses in its activities. The value of this indicator decreased in the reporting period.

Equity to total assets ratio shows the portion of the company's assets that are covered by equity. The value of the indicator did not change significantly in the reporting period.

The current liquidity ratio reflects the capability of the company to pay off current (short-term) liabilities at the expense of current assets. The value of this indicator decreased in the reporting period.

The decrease in the financial stability and current liquidity ratios is mainly due to the reclassification of previously formed loan debt (transfer from long-term to short-term depending on the maturity).

To service short-term liabilities following the results of 2022, the Group has available limits on long-term credit lines in the amount of about RUB 89 bln, which is more than the amount of short-term liabilities. The Group's solvency remains at a high level.

The proportion of accounts receivable and accounts payable characterizes the rationality of use of funds in turnover. Over the past period, this indicator decreased.

As at 31 December 2022 the assets of the Group of Companies reached RUB 139.8 bln (as at 31 December 2021 — RUB 130.3 bln), the net debt was RUB 39.6 bln (as at 31 December 2021 — RUB 47.1 bln). The decrease in the net debt is due to an increase in cash and cash equivalents as at 31 December 2022, as well as the repayment of part of the loan debt without refinancing. The weighted average borrowing rate of the Group of Companies (excluding interest-free borrowings) as at 31 December 2022 was 8.4%.

Data in billion RUB, unless otherwise stated

Indicators	As at 31.12.2022	As at 31.12.2021	Change
Total equity	52.8	51.2	3.1%
Total assets	139.8	130.3	7.3%
Borrowed funds	46.1	49.0	-5.9%
Cash and cash equivalents	6.5	1.9	242.1%
Net debt ¹	39.6	47.1	-15.9%

[1] Net debt is calculated, based on the statements data rounded to billion RUB, as follows: long-term borrowed funds + short-term borrowed funds – cash and cash equivalents

The financial condition of the Group of Companies following the results of 2022 is characterized as stable.