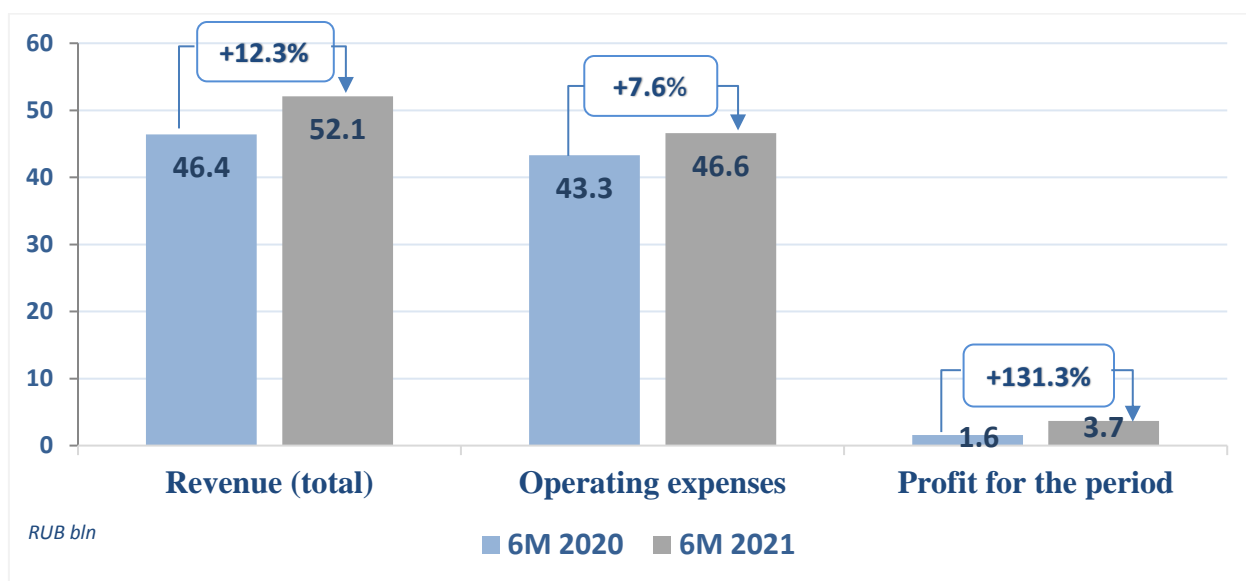


The Management Discussion and Analysis of Rosseti Centre, PJSC to Interim Condensed Consolidated Financial Statements of the Company, including its financial condition and performance results (MD&A)

The primary activities of Rosseti Centre, PJSC (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. In the 2nd quarter of 2021, the Group acquired a specialized electric grid company in one of the regions of the Russian Federation.

The Company has published its unaudited Interim Condensed Consolidated Financial Statements for 6 months of 2021 in accordance with International Financial Reporting Standards (IFRS). Profit for the period amounted to RUB 3.7 bln, which is higher than the similar indicator last year by RUB 2.1 bln.



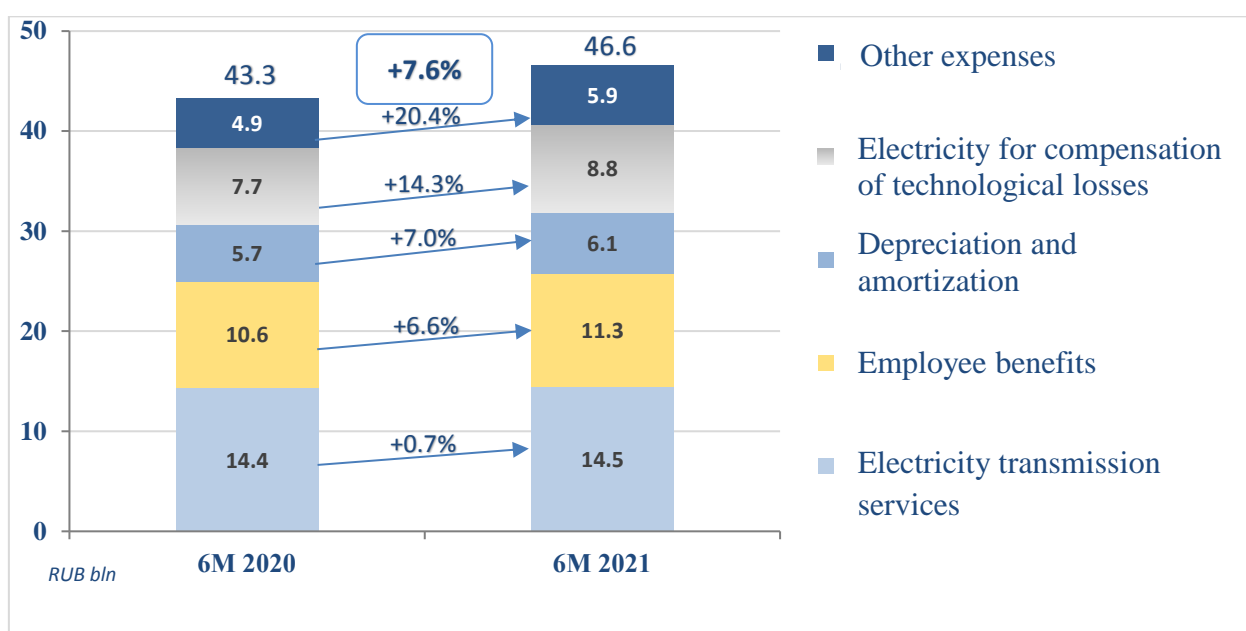
Revenue for the reporting period is RUB 52.1 bln, including revenue from electricity transmission — RUB 50.2 bln, revenue from technological connection — RUB 0.5 bln, revenue from resale of electricity and capacity — RUB 0.3 bln, other revenue — RUB 1.2 bln and revenue from lease agreements – RUB 0.02 bln.

*Data in billion RUB, unless otherwise stated**

Indicators	6M 2021	6M 2020	Change
Revenue (total), including:	52.1	46.4	12.3%
Electricity transmission services	50.2	44.9	11.8%
Technological connection services	0.5	0.4	25.0%
Revenue from resale of electricity and capacity	0.3	0.3	0.0%
Other revenue	1.2	0.9	33.3%
Revenue from lease agreements	0.02	0.01	100.0%

**Data of the Interim Condensed 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 net supply of electricity and increased tariffs since 1 July 2020, as well as due to the addition of new subsidiaries to the group in the 2nd half of 2020 and in the 2nd quarter of 2021.



Operating expenses of the Company's Group for 6 months of 2021 amounted to RUB 46.6 RUB, which is 7.6% higher than the indicator for 6 months of 2020. The increase in operating expenses was mainly caused by the addition of new subsidiaries in the 2nd half of 2020 and in the 2nd quarter of 2021, inflationary price growth and an increase in the volume of services for electricity transmission and technological connection of customers to grids relative to the same period last year.

The growth of "Other expenses" is due to an increase in the volume of implementation of measures aimed at reducing the level of electricity losses in grids (the expenses are compensated by a reduction in the costs of compensating for electricity losses), as well as the implementation in the 1st half of 2021 of large-scale measures to eliminate the consequences of mass failures in the service area of the Tverenergo and Kostromaenergo branches as a result of technological disturbances caused by bad weather.

Name	6M 2021	6M 2020	Change	
			absolute	%
EBITDA, bln RUB	12.4	9.5	2.9	30.5%
EBITDA margin, %	23.8	20.5	3.3	16.1%
Financial stability ratio	0.74	0.67	0.07	10.4%
Equity to total assets	0.40	0.39	0.01	2.6%
Current liquidity ratio	0.94	0.68	0.26	38.2%
A/R to A/P ratio	0.92	0.89	0.03	3.4%
A/R turnover, days	53	55	-2	-3.6%

Earnings before Interest, Taxation, Depreciation & Amortization (EBITDA) following the results of 6 months of 2021 amounted to RUB 12.4 bln. EBITDA margin following the results of 6 months of 2021 amounted to 23.8%.

The financial stability ratio shows the share of funding sources that the company has been using in its activities for more than a year. The value of this indicator increased 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 increased 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 increased in the reporting period.

To service short-term liabilities, the Group has available limits on long-term credit lines in the amount of over RUB 56 bln, which is more than twice the amount of short-term liabilities. The Group's solvency remains high.

The proportion of accounts receivable and accounts payable characterizes the rationality of use of funds in turnover. The optimum result is to ensure a comparable growth rate of accounts receivable and payable. Over the past period, this indicator increased. As in the previous period, its value is in the range close to one.

As at 30 June 2021 the assets of the Group of Companies reached RUB 125.0 bln (as at 31 December 2020 — RUB 122.0 bln), the net debt was RUB 46.9 bln (as at 31 December 2020 — RUB 46.0 bln). The increase in the net debt is due to growth in borrowed funds as at 30 June 2021. The weighted average borrowing rate of the Group of Companies (excluding interest-free borrowed funds) as at 30 June 2021 was 6.66%.

Data in billion RUB, unless otherwise stated

Indicators	As at 30.06.2021	As at 31.12.2020	Change
Total equity	50.4	47.9	5.2%
Total assets	125.0	122.0	2.5%
Borrowed funds	48.7	47.4	2.7%
Cash and cash equivalents	1.9	1.4	35.7%
Net debt ¹	46.9	46.0	2.0%

[1] Net debt is calculated 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 6 months of 2021 is characterized as stable.