

FINANCIAL RESULTS

Key RAS metrics

FY2023 revenues totaled RUB 105,283 million (+RUB 16,561 million or 18.7% YoY). FY2023 revenues from electricity transmission totaled RUB 101,389 million (+RUB 15,671 million or 18.3% YoY), the increase affected by grown tariff rates and increased 2023 net supply (+610 million kWh YoY).

FY2023 expenses, incl. administrative and commercial expenses, totaled RUB 92,367 million (+RUB 10,298 million or 12.5% YoY), the increase mainly affected by grown payments to PAO Rosseti (as a UNES operator) and other RGOs, expenses on loss compensations and personnel expenses.

FY2023 net profit totaled RUB 12,864 million (+RUB 9,595 million YoY), the increase mainly affected by increased revenues from electricity transmission and increased balance of income/expenses, incl. balance of income/expenses from revaluation of financial assets (hike in Rosseti Lenenergo's stock prices), grown balance of reserve on legal lawsuits, revenues from interests in other companies.

Key 2023 RAS metrics of the Group, RUB million

Metric	2021	2022	2023	2023/ 2022, %
Total revenues, comprising:	82,746	88,722	105,283	18.7%
· revenues from electricity transmission	81,370	85,718	101,389	18.3%
· revenues from connection	766	1,259	1,934	53.6%
· revenues from electricity sales	0	0	0	-
· other revenues	610	1,745	1,960	12.3%
Total expenses	-75,610	-80,319	-90,419	12.6%
Gross profit	7,136	8,403	14,864	76.9%
Administrative costs	-1,495	-1,675	-1,862	11.2%
Commercial costs	-77	-75	-86	14.7%
Profit (loss) from sales	5,564	6,653	12,916	94.1%
Interest receivable	102	223	299	34.1%
Interest payable	-1,199	-1,562	-1,552	-0.6%
Income from shareholdings	1,035	1,341	1,722	28.4%
Other revenues	6,709	5,315	8,585	61.5%
Other expenses	-5,933	-7,662	-5,847	-23.7%
Pre-tax profit	6,278	4,308	16,123	274.3%
Income tax and other payments	-1,182	-1,039	-3,259	213.7%
Net income (loss)	5,096	3,269	12,864	293.5%
EBITDA*	13,779	12,332	24,060	95.1%

* EBITDA=Profit/loss before tax, interest payable, depreciation and amortization, net accrual/(recovery) of loss from impairment of PP&E and rights of asset use.

Key IFRS metrics

Key 2023 IFRS metrics of the Group, RUB million

Metric	2022	2023
Revenues, incl.:	89,194	106,103
· revenues from electricity transmission	77,588	91,293
· revenues from connection	1,899	2,926
· revenues from electricity sales	21,901	25,464
· other revenues	1,595	1,836
· revenues from discontinued operations	-13,789	-15,416
Operating expenses	84,703	93,202
Expected credit loss provision	-751	-166
Net other income	984	1,419
Operating result	6,226	14,486
Balance of financial income and expenses	-1,485	-1,305
Profit before tax	4,741	13,181
Income tax	1,322	2,564
Net income from continuing operations	3,419	10,617
Net income from discontinued operations	857	1,238
Profit for the period	4,276	11,855
EBITDA*	15,933	24,703
EBITDA margin,%	15,5%	20,3%
Net debt**	19,942	20,161

The main portion of the Group's revenues comes from electricity transmission. These revenues mainly depend on approved tariff rates and volume of transmitted electricity. The Group also has revenues from electricity sales, connection and other services. In Group's FY2023 IFRS consolidated financial statements operations of AO Yekaterinburgenergosbyt (AO EES) was classified as discontinued operations, therefore, figures from the Group's FY2022 and FY2023 consolidated statements of profit or loss and other comprehensive income present figures, net of discontinued operations, except for profit for the period.

* EBITDA= Profit/loss before tax + Depreciation and Amortization + interest payable (loans, lease) + impairment loss.

** Values include discontinued operations for comparative purposes, based on the IFRS statements.

FY2023 revenues of the Group totaled RUB 106,103 million (+RUB 16,909 million or 19.0%), incl.:

- A RUB 13,705 million increase of revenues from electricity transmission is affected by grown transmission rates and 2023 net supply
- A RUB 1,027 million increase of revenues from connection is affected by various groups of applicants and structure of concluded contracts
- A RUB 3,563 million increase of revenues from electricity sales is affected by grown tariffs and electricity consumption
- A RUB 241 million increase of other revenues is affected by the progress in activities and conclusion of additional contracts

Net/EBITDA as of 31.12.2023 is lower than Net/EBITDA as of 31.12.2022 due to increased EBITDA. Current liquidity ratio as of 31.12.2023 is higher than Current liquidity ratio as of 31.12.2022 due to decreased ST liabilities as of 31.12.2023. Financial leverage as of 31.12.2023 is higher than Financial leverage as of 31.12.2022 due to grown equity. Share of LT loans as of 31.12.2023 is higher than share of LT loans as of 31.12.2022 due to the increased volume of LT loans and borrowings on the back of slightly increased debt. Net cash flow in 2023 is positive. Net cash flow in 2023 is higher than Net cash flow in 2022, affected by grown net cash flows from operating activities.

FY2023 operating expenses totaled RUB 93,202 million (+RUB 8,499 million YoY). The key growth factors are increased expenses on electricity transmission, on loss compensation, on purchased electricity for sale and on personnel. We recognized a RUB 166 million gain in expected credit loss provision in 2023 as a result of recovery of bad debt reserve due to debt repayment by the debtor.

Net other income in 2023 totaled RUB 1,419 million (+RUB 435 million YoY). Other operating revenues include gains from uncontracted consumption, from loss compensation due retirement/liquidation of grid assets, gains from fines, penalties and forfeits, writing-off of payables and insurance indemnity.

FY2023 net income of the Group totaled RUB 11,855 million (+RUB 7,579 million YoY), the increase affected by positive growth of operating profit stemming from increased revenues from electricity transmission and other income. FY2023 EBITDA includes volumes of discontinued operations and totaled RUB 24,703 million (+RUB 8,770 million YoY). Exceedance of revenues over operating expenses and additional other revenues contributed the most to the indicator's growth.

Metric	2021	2022	2023	2023/2022, %
Net Debt/EBITDA**	1.14	1.25	0.82	-34%
Current liquidity ratio**	0.49	0.48	0.77	60%
Financial leverage**	0.92	1.05	0.88	-16%
Share of LT loans**	0.60	0.58	0.94	62%
Net cash flow**, RUB million	2,116	1,661	2,390	44%

* Calculations in the table above use consolidated financial statements prepared under IFRS. FY2022 and FY2023 include discontinued operations for comparative purposes, based on the IFRS statements.

TARIFF POLICY

Electricity transmission tariffs

Permenergo	Index	5 years (2023-2027)
Sverdlovenenergo	RAB	13 years (2011-2023)
Chelyabenergo	Index	5 years (2023-2027)

In 2023, the regulators applied the return on invested capital method (RAB) to Sverdlovenenergo and method of long-term indexation of the gross revenue requirement (INDEX) to Permenergo and Chelyabenergo.

Uniform ("pie") tariffs comprise expenses of all grid companies operating in the region to be annually prescribed for the next year during the long-term regulation period. Pursuant to existing tariff regulation laws, a gross revenue requirement is subject to annual fine-tuning, adjusted for changed real and target calculations, executed investment program and achieved reliability and quality of service indicators. Uniform ("pie") electricity transmission tariffs to be enforced in 2023 were approved by the tariff decisions of the relevant regional regulators¹³⁻¹⁵.

Uniform ("pie") electricity transmission tariffs for 2023 were set by the regulators with exceedance of FAS-approved threshold levels of tariffs.

