

The year-on-year decrease in Net Debt/ EBITDA for 2023 is due to lower debt levels, higher cash and cash equivalents, and increased EBITDA.

Because current assets are growing at a faster rate than short-term liabilities, the current liquidity ratio was better in 2023 than it was in 2022.

The year-on-year decrease in financial leverage is spurred by the outstripping growth rate of long-term liabilities over the growth rate of equity. The long-term liabilities rose as a result of a significant increase in advances received under grid connection contracts.

The drop in the share of long-term borrowings in 2023 compared to 2022 is caused by the transfer of some long-term

debt to short-term debt with a maturity of less than 12 months as of 31 December 2023, as well as the repayment of some long-term debt during 2023 using own cash.

The year-on-year increase in net cash flow in 2023 is attributable to higher cash generated from operating activities compared to 2022.

## Settlements for electricity transmission services

In order to reduce accounts receivable, the Company takes the following measures:

- Claim-related work is underway, including the collection of penalties for untimely payments
- Reciprocal liabilities are offset
- Restricted energy delivery regime is introduced, including upon requests from electricity retailers
- Dispute resolutions are handled through pre-trial and court proceedings

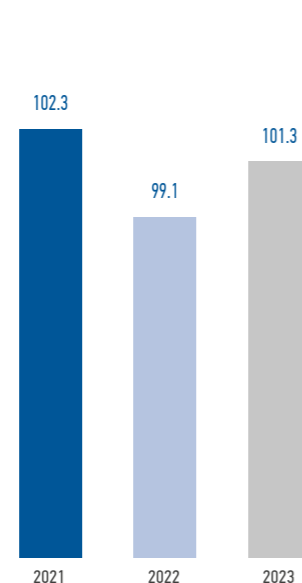
At year-end 2023, receivables for electricity transmission services decreased by RUB 1.3 billion to RUB 6.4 billion as of 31 December 2023.

The decrease in accounts receivable for electricity transmission services was achieved through advance payments made by counterparties, as well as through debt reduction measures.

The level of payment for electricity transmission services in 2023 increased by 2.2 p.p. compared to 2022 due to the measures taken to improve the payment discipline of counterparties, as well as advance payments made by counterparties in December 2023.

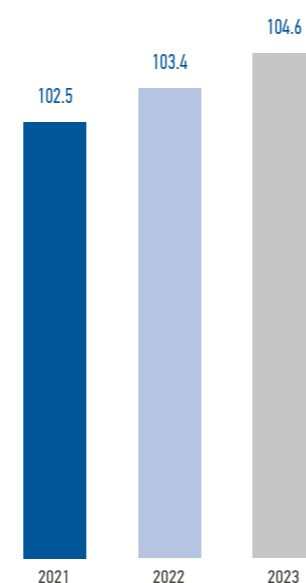
The Company maintains a high level of settlements with territorial grid organisations for electric power transmission services by offsetting homogeneous counterclaims.

### Changes in the rate of cash collection for electricity transmission services in 2021–2023 (%)



### +2.2 p. p. year-on-year growth in the level of payment for electricity transmission services

### Changes in the level of settlements for electricity transmission with territorial grid organisations in 2021–2023 (%)



# CONSOLIDATION OF POWER GRID ASSETS

Pursuant to the Development Strategy of the Power Grid Complex of the Russian Federation, namely its goal to reduce the number of territorial grid organisations (TGOs), the Company consolidated the grid assets in the Krasnodar Territory and the Republic of Adygeya during the reporting year. Consolidation work covers TGOs that do not meet the criteria for classifying owners of power grid facilities as territorial grid organisations, approved by Resolution No. 184 of the Russian Government dated 28 February 2015 "On classifying owners of power grid facilities as territorial grid organisations" as amended from time to time.

For 2023, the STRD-KT approved individual tariffs for electricity transmission for 40 TGOs (Order No. 40/2022-e dated 25 November 2022). In 2024, the STRD-KT approved individual tariffs for electricity transmission for 32 TGOs (Order No. 32/2023-e dated 29 November 2023), eight companies lost their TGO status under the criteria approved by Decree No. 807 of the Government of the Russian Federation dated 30 April 2022. In the reporting year, Rosseti Kuban, PJSC entered into a lease agreement for power grid property previously used by the grid company Transenergoholding, LLC, which is deprived of the TGO status as of 2024.

In the reporting year:

- The Company made extensive efforts to consolidate power grid property owned by gardening and horticultural non-commercial partnerships and put it onto the balance sheet, and the results were sent to the Ministry of Fuel and Energy and Housing and Utilities of the Krasnodar Territory.
- In 2023, the title to 63 ownerless movable property and 1 immovable power grid facility were declared in court, and then they were put onto the balance sheet.
- Following the negotiations with the TGO, consent was obtained from Alga, LLC, a territorial grid organisation, for leasing the grid property to the Company.

In 2023, the total amount of power grid assets of Rosseti Kuban, PJSC totalled 19,202.23 c.u. with a length of 1,400.67 km and a capacity of 1,587.18 MVA; 492 contracts were made, including:

- The amount of power grid property consolidated by taking it into the ownership of the Company totals 689.36 c.u. — 122 agreements for the gratuitous transfer of power facilities from non-commercial organisations and individuals were signed
- The amount of power grid property leased by the Company is 18,020.30 c.u., of which 2,200.04 c.u.

is consolidated in 2023 — a total of 365 lease agreements, including 15 agreements with TGOs, 77 agreements with municipalities, and 273 agreements with other owners, were signed

- The amount of power grid property temporarily used by the Company is 326.26 c.u., of which 4.9 c.u. is consolidated in 2023, — a total of five transactions of gratuitous use of property were closed
- The amount of power grid property taken into the ownership of the Company as ownerless is 166.31 c.u., a total of 64 power facilities were consolidated

## Monitoring of power grid asset consolidation volumes for 2021–2023

	2021			2022			2023		
	Grid assets consolidated over this period			Grid assets consolidated over this period			Grid assets consolidated over this period		
	MVA	km	c.u.	MVA	km	c.u.	MVA	km	c.u.
	1,351.2	1,262.2	15,402.7	1,498.67	1,455.59	17,932.23	1,587.18	1,400.67	19,202.23
Acquisition of power grid facilities	0	0	0	0	0	0	0	0	0
Lease of power grid facilities <sup>1</sup>	1,324.7	1,151.7	14,805.5	1,411.68	938.44	16,217.15	1,535.75	1,094.21	18,020.30
Other (permanent ownership and rights of use) <sup>2</sup>	6.2	34.0	201.3	61.46	427.96	1,202.21	33.60	249.34	855.67
Other (temporary ownership and rights of use)	20.3	76.6	395.9	25.53	89.19	512.88	17.83	57.11	326.25

<sup>1</sup> The amount of leased power grid facilities is shown on an accrual basis from the date the power facilities are leased to the Company.

<sup>2</sup> The amount of power grid facilities taken into the ownership of the Company is shown for 2023.