

**EXPLANATORY NOTE
AND DRAFT RESOLUTION
OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
ROSSETI SOUTH PJSC**

TOPIC NO. 1: 1. On approval of the annual report, annual accounting (financial) statements of the Company for 2023.

Subject to Art. 47 and subcl. 11 cl.1 Art. 48 of Federal Law No. 208-FZ dated 26.12.1995 On Joint-Stock Companies (hereinafter referred to as the Law), subcl.13 cl. 10.2 Art. 10.2(13) of the Company's Charter, the competence of the General Meeting of Shareholders includes approval of the annual report and the annual accounting (financial) statement of the Company.

The annual report of ROSSETI South, PJSC (hereinafter referred to as the Company) for 2023 was concluded in accordance with the principles of integrated reporting of the International Integrated Reporting Council (IIRC).

The Company's annual report contains information stipulated by the Regulations of the Bank of Russia dated March 27, 2020 No. 714-P On Disclosure of Information by Issuers of Securities, by the Information letter of Bank of Russia dated December 27, 2021 No. IN-06-28/102 Disclosure in the annual report of a public joint-stock company of a report on compliance with the principles and recommendations of the Corporate Governance Code, by the Regulation of information policy of ROSSETI South, PJSC, approved by the Company's Board on March 16, 2022 (minutes of March 18, 2022 No. 470/2022).

The annual report of ROSSETI South, PJSC contains information about the joint-stock company that confirms to the regulations of the Russian Federation and summary information about the main production, financial, and investment results of ROSSETI South, PJSC.

Key Indicators of the Company's Electricity Transmission Activities for 2023:

- transfer into the network - 27,062 mln kWh,
- transfer from the network - 24,601 mln kWh,
- level of losses of electric power - 9,09%.

Results of the Company's technological connection activities for 2023:

- 22,035 applications for technological connection with a total capacity of 1,771 MW were accepted,
- 13,698 grid connection contracts were concluded for a capacity of 605 MW.
- 14,904 contracts for technological connection with a total capacity of 458 MW were executed, including 13,459 contracts up to 15 kW and 131 MW in the category of applicants.

Key indicators of financial and economic activity for the year:

Indice	2022	2023	change 2023/2022, %
Revenue from sales of products (services), including:	42,113	48,151	14.3
Due to the power transmission	39,141	44,991	14.9
- from technological connection	603	607	0.7
- from sales of electric power	2,020	2,099	3.9
- from other types of activities	350	454	29.9
Income (loss) before taxation	-305	3,279	-175,1
Income tax and other payments	254	848	233.6
Net income (loss)	-559	2,431	-534,6
EBIDTA	4,932	9,741	121.4

The appendices to the annual report include annual RAS financial statements of ROSSETI South, PJSC with a positive audit opinion on the accuracy of the financial statements, IFRS consolidated statements with a positive audit opinion on the accuracy of the consolidated financial statements, a report on compliance with the principles and recommendations of the Corporate Governance Code, a report on interested-party transactions performed by the Company in 2023 approved by the Company's Board in accordance with the cl. 1.1. Art. 81 of the Law.

The reliability of data contained in the Company's annual report for 2023 was confirmed by the Inspection Commission of the Company (Minutes No. 4 dated 02.05.2024).

According to clause 4, Article 4 of the Federal Law No. 208-FZ dated 26.12.1995 On Joint-Stock Companies and Clause 25.4 of Article 25 of the Charter of ROSSETI South, PJSC, the annual report of the Company is subject to preliminary approval by the Board no later than 30 days prior to the date of the Annual General Meeting of Shareholders.

The Board of ROSSETI South, PJSC resolved on May 14, 2024 (Minutes No. 572/2024) about a preliminary approval of the Company's annual report for 2023.

The annual accounting (financial) statements of ROSSETI South, PJSC for 2023 were prepared in accordance with the accounting and reporting regulations applicable in the Russian Federation, in particular, the Federal Law dd 06.12. 2011 No. 402-FZ On Accountancy, the Regulations for Accounting and Reporting in the Russian Federation approved by Order of the Ministry of Finance of Russia No. 34n dd 29.07.1998 (as

supplemented and amended), the Federal Standards for Accounting approved by the orders of the Ministry of Finance of Russia.

In accordance with Art. 14 of the Federal Law Accountancy annual accounting (financial) statements of organizations, except for cases established by the Federal Law Accountancy, consists of:

- 1) Balance sheet;
- 2) Report of financial results;
- 3) Appendices to them.

Accounting (financial) statements are considered as concluded after its signing by the head of the economic entity.

In the case of publication and providing with accounting (financial) statements, which are to be audited, such accounting (financial) statements shall be published and provided together with the auditor opinion.

The mandatory audit of ROSSETI South, PJSC for 2023 in accordance with the regulations of Federal Law of the Russian Federation No. 307-FZ dd December 30, 2008 On Audit Activities was conducted by the auditor TsATR - Audit Services, LLC. A conclusion was made based on the results of the audit.

On May 02, 2024, the Company's Revision Commission approved (Minutes No. 4) the conclusion on the reliability of the data contained in the annual financial statements of the Company for 2023.

The Board of ROSSETI South, PJSC by resolution on 14.05.2024 (Minutes No. 572/2024) recommended that the annual General Meeting of Shareholders of ROSSETI South, PJSC approve the annual report and the annual accounting (financial) statements of the Company for 2023.

In accordance with cl. 10.4. Art. 10 of the Company's Charter, the resolution on this topic is adopted by a majority of votes of the shareholders owning voting shares of the Company and participating in the meeting.

Given these considerations, the Annual General Meeting of Shareholders of ROSSETI South, PJSC is proposed to make a decision on the said topic.

DRAFT RESOLUTION:

Approve the annual report, annual accounting (financial) statements of the Company for 2023, in accordance with the appendices, available on the official website of the Company at <https://rosseti-yug.ru/aktsioneru-investoru/gosa-19-06-2024/>.