

FINANCIAL RESULTS

TARIFF POLICY AND TARIFFS FOR THE COMPANY'S SERVICES

Company's Tariff Policy

Prices (tariffs) for the Company's power transmission services and the grid connection fees are regulated by the state and set according to STRD-KT orders. In the Krasnodar Territory, the Republic of Adygeya and the federal territory Sirius, where the Company operates, there are unified prices (tariffs) for each group of electricity consumers.

The main legal acts regulating relations in setting the controllable tariffs and the practice of their application are as follows:

- Federal Law On Electric Power Industry No. 35-FZ dated 26 March 2003 (as amended)
- Decree of the Government of the Russian Federation On Pricing in the Field of Regulated Prices (Tariffs) in the Electric Power Industry No. 1178 dated 29 December 2011 (as amended)
- Orders of the Federal Tariffs Service of Russia:

– On Approval of the Guidelines for the Calculation of Tariffs for Electricity Transmission Services Established Using

the Required Gross Revenue Long-term Indexation Technique No. 98-e dated 17 February 2012

– On Approval of the Guidelines for the Calculation of Regulated Tariffs and Prices for Electric (Thermal) Energy in the Retail (Consumer) Market No.20-e/2 dated 6 August 2004

- Order of the FAS of Russia No. 1135/17 dated 29 August 2017 On Approval of the Methodological Guidelines for Determining the Grid Connection Fee (the document was rendered invalid by Order No. 490/22 of the FAS of Russia dated 30 June 2022)
- Order of the FAS of Russia No. 490/22 dated 30 June 2022 On Approval of the Methodological Guidelines for Determining the Grid Connection Fee (entered into force on 2 September 2022)

Tariffs for Electricity Transmission Services

Starting from 2018, Rosseti Kuban moved to another long-term tariff regulation period for electricity transmission services for a period of five years. Rosseti Kuban's power transmission tariffs and long-term regulatory parameters for 2018–2022 were set by the STRD-KT using the required gross revenue long-term indexation method.

Order of STRD-KT No. 44/2021-e dated 27 December 2021 (as amended and supplemented) approved the unified common-pot tariffs for electricity transmission services, which had not been revised during the regulation period.

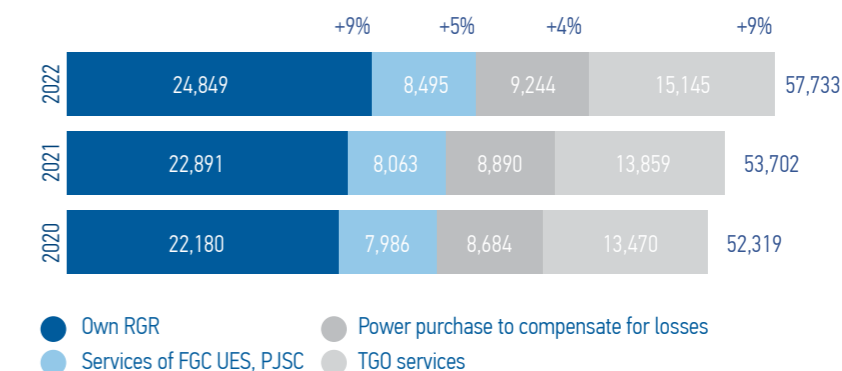
Information on tariffs for electricity transmission services in 2022 is available on the Company's official website in the To Consumers/Electricity Transmission/Tariffs for Electricity Transmission Services section.

TARIFF INDICATORS FOR THE COMPANY'S ELECTRICITY TRANSMISSION SERVICES FOR 2020–2022

Indicators	2020	2021	2022	Δ 2022/2021 (%)
RGR for electricity transmission, approved as part of tariff balance solutions, including: (RUB mn)	52,319	53,702	57,733	7.51
→ own RGR (RUB mn)	22,180	22,891	24,849	8.55
→ Services of FGC UES, PJSC (RUB mn)	7,986	8,063	8,495	5.36
→ Expenses for purchase of electricity losses (RUB mn)	8,684	8,890	9,244	3.98
→ Expenses for TGO services (according to the effective contractual scheme) (RUB mn)	13,470	13,859	15,145	9.28
Common-pot electricity net delivery (mn kWh)	19,670	19,483	19,955	2.42
Average tariff for electricity transmission services (RUB/kWh)	2.65990	2.75633	2.89321	4.97

The tariffs for electricity transmission services in the grids of the Krasnodar Territory, the Republic of Adygeya and the Sirius federal territory for 2022 are set for the "other consumers" group at the ceiling maximum tariff levels adopted by the FAS of Russia for 2022, with an increase since 1 July 2022 for all voltage levels: by 3% – flat-rate tariff, 4.7% – rate for payment of technological consumption (losses) of electricity, 29% – rate for maintenance of power grids, as well as Since 1 December 2022 with an increase of 9% for all voltage levels to the approved tariffs for the second half of 2022.

DYNAMIC STRUCTURE OF RGR FROM ELECTRICITY TRANSMISSION BY ROSSETI KUBAN (RUB MN)



Grid connection fee

For 2022, in accordance with the Methodological Guidelines for Determining the Grid Connection Fee approved by Order of the FAS of Russia No. 1135/17 dated 29 August 2017

(hereinafter – Guidelines 1135/17), Order of the STRD-KT No. 46/2021-e dated 29 December 2021 established standardised

tariff rates, rates per unit of maximum capacity and formulae for calculating the grid connection fee for consumer terminals.

Rosseti Kuban's detailed information on the established standardised tariff rates and the fee rates per unit of maximum capacity for grid connection for 2022 is available on the Company's website in the To Consumers / Grid Connection / Tariffs for Grid Connection section.

INDICATORS OF GRID CONNECTION FEE OF THE COMPANY FOR 2020–2022

Indicators	UoM	2020	2021	2022	Δ 2022/2021 (%)
Standardised tariff rates to cover expenses for grid connection of consumer terminals, power grid facilities owned by grid organisations or other entities, for the measures specified in clause 16 of the guidelines and fee rates per unit of maximum capacity	RUB/connection	10,860.59	11,486.68	12,522.51 / 14,305.13 ¹ (since 01.12.2022)	+9.0 (from 01.01.2022 to 01.12.2022) / +14.2 (since 01.12.2022)
	RUB/kW	667.39	636.62	638.66 ²	+ 0.3

Since 1 July 2022, the legal framework governing the grid connection pricing has been changed. According to the changes to the regulatory framework, the rates per unit of connected capacity were excluded, and the fee for subsidised category of applicants of up to 15 kW, for which the connection fee until 1 July 2022 was RUB 550 (including VAT) per connection, was changed. Since 1 July 2022, a subsidised connection rate per 1 kW of maximum capacity has been introduced for these applicants, provided that they are

connected according to the third reliability category to the power grid of a voltage class not exceeding 20 kV, with the distance from the property boundaries of the applicant to the power grid not exceeding 300 metres in cities and towns and not exceeding 500 metres in rural areas. Subsidised rate for applicants in the Krasnodar Territory, Republic of Adygeya and Sirius federal territory is set by the decision No. 12/2022-e dated 6 July 2022 in amount of RUB 3,000 (including VAT) per 1 kW connected capacity; the rate was then revised by Decision

No. 38/2022-e dated 25 November 2022 and since 1 December 2022 equals RUB 4,256 (including VAT).

However, for individuals belonging to socially disadvantaged categories (low-income families, veterans, disabled people, Chernobyl victims and families with many children) the fee for grid connection of facilities with capacity of up to 15 kW is set at RUB 1,000 (including VAT) per 1 kW of the requested capacity.

¹ Based on STRD-KT Order No. 38/2022-e dated 25 November 2022, a new rate of RUB 14,305.13 per connection was approved as of 1 December 2022.

² By STRD-KT Order No. 17/2022-e dated 12 September 2022, the rates determining the amount of grid connection fee of territorial grid organisations, per unit of maximum capacity, were abolished from 23 September 2022 as a result of amendments to the legislation.