

Information about the market environment.

Overview of macroeconomic factors that affect the economy of the sector

ROSSETI South, PJSC unites distribution grid complexes of 4 subjects of the Russian Federation, namely, the Republic of Kalmykia, regions of Astrakhan, Volgograd and Rostov.

The Company is focused on the provision of services for the transmission of electrical energy and the provision of services for the technological connection of power receiving devices (power plants) of legal entities and individuals to electric networks.

The Company operates mainly under the conditions of a state-regulated natural monopoly in terms of setting tariffs for the provision of electricity transmission services and services for the technological connection of consumers to electric networks. Given the growing demand for electricity in the regions of the ROSSETI South network configuration, the Company pays considerable attention to the development, re-equipment of power grid facilities, and increasing its throughput; the Company expects to increase the volume of electricity transmission services rendered in the medium and long term.

The economy of the sector, and as a result, the services provided by the Company are negatively affected by the following factors, not limited to:

- the volume of services provided for the transmission of electricity can shrink as a result of a reduction in electricity consumption by existing enterprises (due to recessed production).

- situations can arise in which significant risks appear and grow regarding the reliability of power supply to consumers and the reliable and stable operation of the power system can be jeopardized due to overloading of power lines and transformers in normal and post-emergency operating conditions. Wear and tear of power equipment is also a factor that complicates the overall situation.

- changes in the sectoral legislative framework of the Russian Federation, which regulates the activities of grid companies in terms of technological connection. This includes inflating preferential categories of applicants, and the practice of long-term installment payments under contracts for the implementation of technological connection in accordance with the current legislation of the Russian Federation in the field of technological connection. The grid organization is forced to raise additional borrowed funds and pay interest on attracted loans in order to fulfill its obligations to the preferential category of applicants under contracts for technological connection.

- it is not allowed to include an investment component in the payment for technological connection to cover the costs associated with the development of the existing infrastructure, including connections between the facilities of territorial grid organizations and the facilities of the unified national (trans-Russian) electric grid, with the exception of the costs for the construction of electric grid facilities, from existing power grid facilities to connected power receivers and (or) electric power facilities. The federal executive authority in the field of tariff regulation determines the composition of the costs that are included in the payment for technological connection.

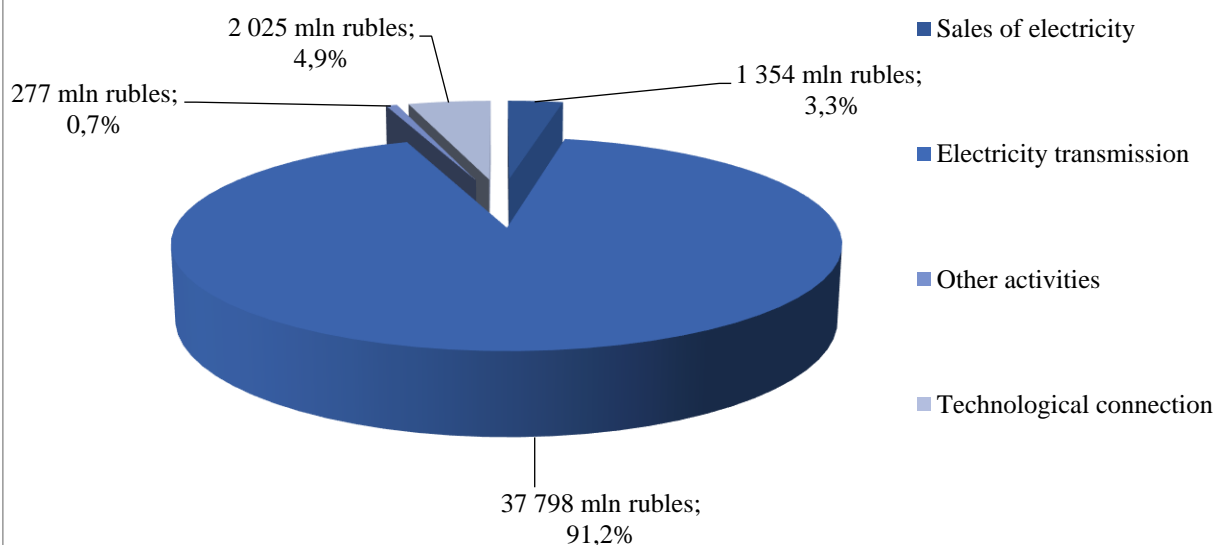
- timely implementation of investment programs will have a positive impact on the prospects for the development of the infrastructure of electric networks of the regions included in the issuer's area of activity. Such development of electrical networks will not only make the power supply of existing consumers more reliable, but will also open up opportunities to connect a number of new socially significant applicants in the future and will give rise to additional sources of income for the company's branches from the sale of electrical energy.

6.8.2. Market share of the Company and each of the Company's activities

ROSSETI South, PJSC, is active in the following business areas: electricity transmission, technological connection, electricity sales (picking up the activities of a last resort supplier in the Republic of Kalmykia), other types of industrial and non-industrial activities.

Based on the results of work for 2021, the share of each business area in the total revenue from the sale of services amounted to:

Structure of revenue from services provided during 2021, mln rubles



Name	2021 actual	Share in the business area
Proceeds from sales of products, mln rubles	41 454	100%
<i>electricity transmission services</i>	37 798	91.2%
<i>technological connection services</i>	2 025	4.9%
<i>electricity sales</i>	1 354	3.3%
<i>other products (services)</i>	277	0.7%