



Peers

There are no public peers in the Company's area of service. Usually, for evaluation purposes analysts compare Rosseti Ural with other interregional distribution grid companies (PAO Rosseti's affiliates, rendering services in other regions) that are not Company's peers.

| Company* | Revenues, RUB billion | Net income, RUB billion | Revenues, RUB billion | Profit for the period, RUB billion | Market value, RUB billion as of 30.12.2021 | 2021 trading volumes, RUB billion |
|-----------------------------|-----------------------------|----------------------------------|-----------------------------|---|---|--|
| | RAS | | IFRS | | | |
| Rosseti Moscow Region | 182.0 | 11.6 | 184.7 | 10.5 | 60.3 | 2.1 |
| Rosseti Lenenergo | 93.4 | 19.8 | 93.5 | 15.5 | 87.2 | 12.2 |
| Rosseti Volga | 64.8 | 0.12 | 64.9 | 0.98 | 9.4 | 1.0 |
| Rosseti North West | 45.8 | 1.1 | 50.3 | -0.88 | 4.9 | 0.7 |
| Rosseti North Caucasus | 34.6 | -14.2 | 34.6 | -27.9 | 23.9 | 0.2 |
| Rosseti Siberia | 60.6 | 1.1 | 60.7 | 0.7 | 33.0 | 1.6 |
| Rosseti Ural | 82.7 | 5.2 | 96.5 | 3.8 | 15.4 | 0.6 |
| Rosseti Center | 103.2 | 4.1 | 108.1 | 4.4 | 17.4 | 3.4 |
| Rosseti Center and Volga | 106.4 | 10.6 | 106.7 | 9.95 | 26.0 | 5.9 |
| Rosseti South | 41.5 | 2.1 | 43.4 | -3.7 | 6.9 | 0.5 |
| Rosseti Kuban | 57.7 | 1.7 | 58.0 | 1.9 | 22.3 | 0.06 |

* Brands of the companies.

Source: open sources (columns 2–5), Moscow Exchange (columns 6–7).

DEVELOPMENT STRATEGY

Strategic planning in OAO IDGC of Urals is aligned with the goals and objectives, outlined in the Development Strategy of the Rosseti Group until 2030, and focused on the implementation of industry strategic planning documents, incl. Energy Strategy of the Russian Federation¹ and Strategy for Development of the Electric Grid Sector of the Russian Federation².

The Development Strategy of the Rosseti Group stipulates transition to a 'modern innovative infrastructure' business model. The primary strategic goals of the Rosseti Group are:

- provision of reliable and high-quality electricity supply at a given level;
- enhancement of total shareholder return;
- provision of resilience to changes of global and domestic electricity markets.

OAO IDGC of Urals' Policy is focused on strict compliance with statutory and other requirements in service delivery, holistic change and improvement of business by implementing digital technologies and expanding service areas as well as creating safe and comfortable labor conditions for the personnel.

To achieve the strategic goals of the Rosseti Group the following program documents on the key lines of business were developed and approved:

- The 2020–2030 Digital Transformation Program;
- The 2020–2024 Innovation Development Program to be potentially extended till 2030 and mid-term implementation roadmap for 2021–2025;
- The 2021–2025 Investment Development Program;
- The 2021–2025 Enhanced Operating Efficiency and Cost-Cutting Program;
- The Development of Smart Metering Program.

OAO IDGC of Urals' Goals for 2021 were set for a short-term period with consideration of unattainable goal risks (risks of business operations and functional risks), to comply with:

1. Strategic goals of the Rosseti Group.
2. Strategic priorities of industry development, as stated in the Strategy for Development of the Electric Grid Sector of the Russian Federation.
3. Figures of the Company's revised business plan for 2021–2025.
4. C-level KPI system of the Company.
5. RK ISM-MRSK-01 "OAO IDGC of Urals' Integrated Management System Guidelines".

OA0 IDGC of Urals' Goals for 2021:

1. Zero rate of injuries among the personnel and outsiders due the Company's fault and mistakes and wrongful actions of the personnel.
2. Enforcement of reliability and quality of service indicators, approved by regional tariff regulators.
3. Provision of connection for consumers, ready to be connected to the Company's networks, in a timely manner.
4. Improvement of the customer service level.
5. A 3% increase of the Company's digital transformation index by executing activities envisaged by the roadmap on implementation of the Digital Transformation Program equal to 2021 figures.
6. Opex reduction by at least 2% YoY in comparable conditions (prices), adjusted for equipment quantity.
7. Increase of FY2021 revenues against FY2020 figures, incl. due to a 1% increase of revenues from additional (non-tariff) services on 2020.
8. Target execution of the investment program at least by 95% of the volume approved, in compliance with terms and procedures stipulated by the laws.
9. Provision of efficient use of energy resources by:
 - securing in-process energy consumption at a maximum of 6.63% of total supply;
 - cutting consumption for economic needs by at least 3% against FY2020 base numbers;
 - reducing consumption of engine fuel by motor transport and special-purpose vehicles by at least 3% against FY2020 real numbers (in comparable conditions), adjusted for changes in the number of motor transport and special-purpose vehicles and volumes of transportation.
10. Keeping staffing levels for production personnel at or above 97%.
11. Implementation of the Environmental Policy with respect to prevention of negative environmental impact in the course of operations through planning and 100% execution of the environmental strategy.

In 2021, the Company's goals were accomplished, our end-of-the-year progress in goal achievement is as follows:

- reliability and quality of service targets achieved;
- customer service level increased (through development of interactive channels and achievement of annual satisfaction indicator related to F2F and in-absentia customer service);
- consumers, ready to be connected to the Company's networks, connected in a timely manner;
- in-process energy consumption is 6.85% (\leq 6.96%) of total supply;
- index of digital transformation increased by 3.435%;
- opex reduced by 3%+ YoY.
- revenues from additional (non-tariff) services increased by 56% YoY.

To achieve the Company's goals for 2022 we intend to:

- enforce zero rate of injuries among the personnel and outsiders due to the Company's fault and mistakes and wrongful actions of the personnel;
- enforce fulfilment of reliability and quality of service indicators;
- implement the 2022 roadmap activities related to the implementation of the 2020–2030 Digital Transformation Program, namely:
 - software for automation of designing of 0.4–10 kV external power lines;
 - digital control of management of buildings and constructions;
 - digital workplace — development of Rosseti Urals' corporate digital space.
- reduce opex by 2% on 2021 (net of expenses on maintenance and repair and wage expenses in comparable conditions (prices), adjusted for changes in quantity of equipment);
- increase FY2022 revenues against FY2021 figures,
- promote additional (non-tariff) services, increase revenues by 1% on 2021;
- promote efficient consumption of energy resources by:
 - securing in-process energy consumption at or below 6.6% of total supply;
 - reducing consumption for economic needs at or above 3% on 2021;
 - reducing consumption of engine fuel by motor transport and special-purpose vehicles at or above 3% on 2021 in comparable conditions.

The Company’s target benchmark: build-up of a unified network area in the areas of the Company’s presence through consolidation of municipal grids, extensive renovation of networks, higher energy saving, application of energy-efficient technologies, set up of the smart electricity distribution system, establishment of efficient asset management and optimal environment for reliable and safe energy supply, transition to the networks of new technological patterns with completely new characteristics of reliability, efficiency, accessibility, controllability and customer-friendliness.

2024 performance targets

| Indicators | 2021 actual value | 2025 target value |
|---|-------------------|-------------------------------------|
| SAIDI | 1.315 | 1.01 |
| SAIFI | 0.877 | 0.69 |
| Losses | 6.59% | 6.51% |
| R&D expenses / Own revenues | 0.14% | 0.19% |
| Increase of labor productivity | 19.13% | ≥ 25% (on 2020 base numbers) |
| Reduction of opex | 4.7% | 3.7% |
| Non-tariff revenues from other activities / own GRR | 1.89% | 5.02% |

CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

In 2015, the UN member states adopted the document under the title “Transforming our World: the 2030 Agenda for Sustainable Development” that lays out 17 goals and 169 objectives.

The Company is guided by the UN sustainable development goals in its operations. Due to the nature of the Company’s operations in its production and sustainable development activities it helps achieve 8 out of 17 UN SDG on a daily basis.



Activities:

- Compliance with safety regulations and occupational safety;
- Social security of employees, incl. health insurance and health resort treatment

2021 achievements:

- Occupational safety costs: RUB 427.5 million.
- 100% of the Company’s employees are provided with voluntary health insurance
- 876 employees visited health resorts



Activities:

- Cooperation with core universities and secondary vocational educational institutions
- Training, retraining and advanced training of employees

2021 achievements:

- 10.4 thousand employees were trained at the Company’s expense
- Company’s expenses on training and advanced training of employees: RUB 95.7 million

