

Rationale for the Proposed Net Earnings Distribution Arrangements.

Pursuant to Federal Law No. 208-FZ On Joint Stock Companies of December 26, 1995 as amended as of February 25, 2022 (Para.11, Art.48) and the Company's Articles of Association (Subclause 11.1 and Clause 10, Art. 10), the Company's General Meeting is competent to decide how to distribute the Company's profit or loss after a financial year.

The Company distributes its net earnings for 2022 primarily based on the following national and corporate regulations:

- Federal Law No. 208-FZ *On Joint Stock Companies* of December 26, 1995;
- Government Executive Order No. 1094-r of May 29, 2017;
- Articles of Association of PJSC “Rosseti Lenenergo” (“Articles (of Association)”);
- Dividend Policy of PJSC “Rosseti Lenenergo” approved by the Board of Directors of PJSC “Rosseti Lenenergo” on October 21, 2021 (Minutes No. 17 of October 22, 2021), hereinafter, “Dividend Policy”.

After 2022, the Company's net profit was RUB 17,975,405,000 (33.8% of the Company's net profit after 2022), out of which the amount of RUB 6,079,046,000 is suggested to be paid out as dividend for 2022 (the latter amount includes the interim dividend after nine months of 2022 (RUB 3,821,662,000)).

Pursuant to the Articles of Association of the Company (Clause 8.1), the Company's reserves will be equal to fifteen percent (15%) of its authorized capital.

At December 31, 2022, the Company's reserves were RUB 1,292,558,000 (15% of the Company's authorized capital) as of the date of the proposal regarding the distribution of the Company's net profit after 2022.

Pursuant to the Articles of Association of the Company (Clause 8.1) and the Law (Article 35), at least five percent (5%) of the Company's net earnings will be transferred into reserves every year until the reserves have reached the prescribed size.

Since the size of the Company's reserves was as prescribed by its Articles as of the date when proposals regarding the distribution of its net profit for 2022 were issued, no further amounts need to be transferred into reserves after 2022.

No losses carried forward need to be covered. The balance of the Company's profit after dividend will be RUB 11,896,359,000 which will be used to finance the Company's development efforts.

The size of the dividends will be as prescribed by the Government Executive Order No. 1094-r of May 29, 2017 and the Company's Dividend Policy:

- a) The net earnings to be paid out as dividends will be fifty or more percent ($\geq 50\%$) of a company's net earnings calculated based on its IFRS financial statements, including the consolidated figures;
- b) For the purposes of clause a), the following amounts are not included into the calculation of the net earnings:
 - Exchange-traded equity revaluation profit/loss;
 - Actual investments out of net profit from the regulated activities disbursed under the programs approved by the Russian Ministry of Energy;
 - Portion of the net earnings from network connection operations other than cash actually received in the reporting period.

For the purposes of calculating the portion of the net earnings to be paid out as dividends, the net power distribution earnings used to finance investments will not be included.

In accordance with the Company's Articles of Association (Clause 7.3, Article 7), dividend per preferred share of the Company shall be calculated as ten percent (10%) of the Company's net earnings for the last financial year divided by the number of class A preferred shares outstanding.

The Company dividends for 2022 are calculated at RUB 6,079,046,000 (33.8% of the Company's net earnings for 2022), including the preferred stock dividends (10% of the Company's net earnings for 2022).

RUB				
Indicator	Order of calculation	Total for 2022	Paid out for nine months of 2022	Payable after 2022 **
Net earnings as stated in the Profit and Loss Statement	1	17,975,404,994.08	14,695,617,711.33	17,975,404,994.08
Dividend per preferred share*	2	19.2737	0.4435	18.8302
Number of preferred shares	3	93,264,311	93,264,311	93,264,311
Total preferred stock dividend	4=2*3	1,797,548,350.92	41,362,721.93	1,756,185,628.99
Dividend per ordinary share*	5	0.5023	0.4435	0.0588
Number of ordinary shares	6	8,523,785,320.05	8,523,785,320.05	8,523,785,320.05
Total common stock dividend	7=5*6	4,281,497,366.26	3,780,298,789.44	501,198,576.82
Dividends, total	8=4+7	6,079,045,717.18	3,821,661,511.37	2,257,384,205.81

* Figure rounded up to the fourth decimal point.

** Including the interim dividend for nine months of 2022.

The dividend per preferred share payable for 2022 is calculated at RUB 18.8302, payable in cash.

The dividend on the preferred stock of the Company for 2022 totals RUB 1,797,548,000 (10% of the Company's net earnings for 2022). The dividend on the preferred stock of the Company payable for 2022 less the interim dividend for the first nine months of the year totals RUB 1,756,186,000. The interim dividend paid out after nine months in 2022 totaled RUB 41,363,000 (RUB 0.4435 per preferred share).

The dividend per ordinary share payable for 2022 is calculated at RUB 0.0588, payable in cash.

The total annual dividend per ordinary share is no greater than the total annual dividend per preferred A share.

The dividend on the ordinary stock of the Company for 2022 totals RUB 501,199,000. The dividend on the ordinary stock of the Company payable for 2022 less the interim dividend for the first nine months of the year totals RUB 1,756,186,000. The interim dividend paid out after nine months in 2022 totaled RUB 3,780,299,000 (RUB 0.4435 per ordinary share).

The payout timeframe will be as specified in the Company's Articles of Association (Clause 7.7., Article 7).

On May 11, 2023, the Company's Board of Directors discussed the distribution of the Company's profit (loss) including the size of the stock dividend and payout arrangements and passed the resolution recommending that the General Meeting of the Company approves the above described distribution and dividend payout (Minutes No. 60 of May 12, 2023).