

### Net Profit Proposed Distribution Justification

The proposed distribution of net profit of «Rosseti Lenenergo», PJSC (hereinafter referred to as the Company) for 2020 is justified by the priority compliance with the requirements of the following regulatory and internal documents governing the Company's activities:

- Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995;
- Decree of the Government of the Russian Federation No. 1094-r dated May 29, 2017;
- Articles of Association of Public JOINT-STOCK COMPANY "LENENERGO" approved by the PJSC "LENENERGO" Annual General Shareholders' Meeting of on June 18, 2019, Minutes No. 1/2019 dated June 21, 2019 (hereinafter referred to as the Articles of Association), Amendments to the Articles of Association of Public JOINT-STOCK COMPANY "LENENERGO" in accordance with the Resolution of the PJSC "LENENERGO" Annual General Shareholders' Meeting dated May 29, 2020, Minutes No. 2/2020 dated June 1, 2020;
- Regulations on the Dividend Policy of Public JOINT-STOCK COMPANY "LENENERGO", approved by the Resolution of the PJSC "LENENERGO" Board of Directors on June 11, 2019, Minutes No. 47 dated June 14, 2019 (hereinafter referred to as the Regulations on the Company's Dividend Policy).

As at year-end 2020, the Company received net profit of 14,147,013 RUB thousand.

The amount of the reserve capital of «Rosseti Lenenergo», PJSC as of December 31, 2020 was 1,292,558 RUB thousand, which corresponded to 15% of the authorized capital of the Company as at the date of preparation of proposals for the distribution of net profit for 2020.

In accordance with Clause 8.1. of the Articles of Association, "The Company creates a Reserve Fund in the amount of fifteen (15) percent of the authorized capital of the Company," in accordance with the same Clause of the Articles of Association and Article 35 (Company's Funds and Net Assets) of Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995, the amount of mandatory annual contributions to the Reserve Fund of the Company shall be at least five (5) percent of net profit until the reserve fund (capital) reaches the stipulated amount.

As of the date of preparation of proposals for the distribution of net profit for 2020, the Company's reserve fund met the requirements of the Articles of Association; therefore, no additional contributions to the reserve fund from the 2020 profit were required.

The amount of dividend payments was determined in accordance with Decree of the Government of the Russian Federation No. 1094-r dated May 29, 2017 and the Regulations on the Company's Dividend Policy:

(a) the amount allocated for the payment of dividends shall not be less than 50 percent of net profit of a joint stock company, determined pursuant to the financial statements, including the consolidated ones, prepared in accordance with the International Financial Reporting Standards;

(b) the amount specified in Sub-Clause (a) shall be calculated taking into account the deduction from the amount of net profit used for the calculation of dividends of the following:

income and expenses attributable to revaluation of shares of joint stock companies traded on the securities market;

actual investments made at the expense of net profit received from regulated activities as part of investment programs approved by the Ministry of Energy of the Russian Federation in accordance with the prescribed procedure;

the share of net profit received from technological connection to power grids, except for the actual funds received in the reporting period.

When calculating net profit allocated to dividends, the following shall be excluded:

- net profit on electricity transmission used to finance investments;
- cash flows from technological connections from subsidiaries and affiliates that do not increase the cash flow of the Group of Companies.

In accordance with Clause 7.3. (Dividends) of the Company's Articles of Association, the total amount paid as a dividend for each preferred share shall be set at ten (10) percent of the Company's net profit for the last financial year, determined in proportion to the number of Type A preferred shares sold.

The estimated amount of dividends on preferred shares meets the requirements of the Articles of Association and is determined as amounting to 15.1688 RUB per Company's preferred share in cash for 2020.

The estimated amount of dividends on ordinary shares for 2020 is determined as amounting to 0.2626 RUB per Company's ordinary share in cash. The amount of annual dividends on each ordinary share does not exceed the amount of dividends on each type A preferred share.

Parameter	Calculation procedure	Amount
Net profit in accordance with the Profit and Loss Statement, RUB	1	14,147,013,040.59
Dividends per preferred share*, RUB	2	15.1688
Number of preferred shares, pcs.	3	93,264,311
Total dividends on preferred shares, RUB	$4=2*3$	1,414,707,680.70
Dividends per ordinary share*, RUB	5	0.2626
Number of ordinary shares, pcs.	6	8,523,785,320.05
Total dividends on ordinary shares, RUB	$7=5*6$	2,238,346,025.05

\* total dividends per share are determined by rounding to four decimal places.