

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 (Art.48, Para.11.1) and the Company's Articles of Association (Art. 10, Clause. 10.2. and Clause 11.1.), 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 2021 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 «Rosseti Lenenergo», PJSC (“Articles (of Association)”);
- Dividend Policy of «Rosseti Lenenergo», PJSC approved by the Board of Directors of «Rosseti Lenenergo», PJSC on October 21, 2021 (Minutes No. 17 of October 22, 2021), hereinafter, “Dividend Policy”.

The Company's net earnings after 2021 totaled RUB 19,794,204,000.

At December 31, 2021, 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 2021.

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”. And in accordance with the same clause and Federal Law No. 208-FZ *On Joint Stock Companies* of December 26, 1995 (Article 35), at least five percent (5%) of the Company's net earnings will be transferred into reserves until the reserves have reached the prescribed size.

The size of the Company's reserves is as prescribed by its Articles, so no further amounts need to be transferred into reserves after 2021.

The size of the dividends will be as prescribed by the Government Executive Order No. 1094-r of May 29, 2017 and set out in 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) above, 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 grid 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, *Dividends*), the total dividend on a Company's preference share will be 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 calculated amount of the Company dividends (RUB 4,944,848,000) is equal to twenty-five percent (25%) of the Company's net earnings for 2021, including the preferred stock dividends that are equal to ten percent (10%) of such earnings.

The calculated amount of the preferred stock dividends for 2021 meets the requirements prescribed by the Company's Articles of Association (dividend per preferred share at RUB 21.2238, payable in cash). The total preferred stock dividends (RUB 1,979,423,000) are equal to ten percent (10%) of the Company's net earnings after 2021.

The amount of the common stock dividends for 2021 was calculated based on dividend per ordinary share at RUB 0.3479 (payable in cash). The total annual dividend per ordinary share is not greater than the total dividend per class A preferred share.

No losses carried forward need to be covered. The net earnings less the dividends will be RUB 14,849,356,000 and will be used to finance the Company's development efforts.

RUB

Indicator	Order of calculation	Amount
Net earnings as stated in the Profit and Loss Statement	1	19,794,204,453.08
Dividend per preferred share*	2	21.2238
Number of preferred shares	3	93,264,311
Total preferred stock dividend	4=2*3	1,979,423,083.80
Dividend per ordinary share*	5	0.3479
Number of ordinary shares	6	8,523,785,320.05
Total common stock dividend	7=5*6	2,965,424,912.85

* Figure rounded up to the fourth decimal point

The size of the dividends is described in the Government Executive Order No. 1094-r of May 29, 2017 and the Dividend Policy of «Rosseti Lenenergo», PJSC approved by its Board of Directors on October 21, 2021 (Minutes No. 17 of October 22, 2021).

The item worded "Recommendations regarding distribution of the Company's profit/losses after 2021" was pre-considered by the Company's Board of Directors on April 29, 2022 (Minutes No. 49 of April 29, 2022).