

# DIVIDEND POLICY

The Company has the Regulations on Dividend Policy of JSC FPC approved by the Board of Directors.

In accordance with the Regulations, the principle for determining the amount of dividend payment is that when making a recommendation to the General Meeting of Shareholders on the dividend amount, the Board of Directors seeks to ensure that the minimum amount of annual dividends on the Company's shares should be at least 50% of JSC FPC's net profit according to financial statements prepared in accordance with the Russian Accounting Standards (RAS).

In making a recommendation to the General Meeting of Shareholders on the dividend amount, the Board of Directors is guided by Russian laws, JSC FPC's Articles of Association and the Regulations on JSC FPC's Dividend Policy and may take into account:

- Data from the Company's accounting statements, budgets (business plans), investment programmes and development programmes
- The Company's RAS free cash flow, the target (ceiling) level of the debt burden and the levels of credit covenants in accordance with the Regulations on JSC FPC's Debt Policy, as well as the terms of the loan agreements concluded by the Company and the terms of the Shareholders Agreement signed between JSC FPC's shareholders.

Free cash flow is cash flow from operations increased by interest receivable less payments under investment activities associated with the acquisition, creation, upgrade, overhaul and preparation for use of non-current assets, and increased by income from participation in other business entities.

JSC FPC's Board of Directors decides on the recommended dividend amount, the timing, procedure and form of payment, and the dividend record date, to be submitted to the General Meeting of Shareholders for consideration.

According to the Regulations on the Dividend Policy of JSC FPC<sup>1</sup>, the conditions for payment (declaration) of dividends to shareholders are as follows:

- Availability of net profit at the Company, calculated according to RAS accounting statements and not distributed earlier by resolution of the General Meeting of Shareholders
- No restrictions on dividend payment (declaration) as established by the legislation of the Russian Federation

According to the approved internal documents of JSC FPC, net profit is to be distributed as follows:

- 5% are to be allocated to the reserve fund
- Shortfall in cash flow required to finance the Investment Programme
- The remainder is the dividend to be paid

According to the decision made by the Board of Directors of JSC FPC, no more than 2% of net profit for a year may be allocated to charitable aid, including donations.

No dividends were paid out in 2021.

According to the financial statements of JSC FPC for 2021, a loss of RUB 5,417,978 thousand was incurred.

It is advisable not to pay dividends.

<sup>1</sup> Section 'Terms and Grounds for Payment (declaration) of Dividends'.

**FOR REFERENCE**

For 2018, JSC FPC made a net profit of RUB 6.1 billion.  
No dividends were paid for 2018.

For 2019, JSC FPC made a net profit of RUB 8.5 billion.  
No dividends were paid for 2019.

A loss of RUB 33.6 billion was incurred in 2020.  
No dividends were paid for 2020.