

Justification of the proposed distribution of net profit, including for dividend payment and the Company's own needs, and an assessment of its compliance with the dividend policy adopted in the Company, with explanations and economic justification for the need to allocate a certain part of the net profit for the Company's own needs

For the purposes of improving transparency and predictability of the amount of dividends, the Company's Board of Directors approved, by its resolution, the Regulation on Dividend Policy of RusHydro (Minutes No. 336 dated November 25, 2021) (hereinafter referred to as the "Regulation on Dividend Policy").

The Regulation on Dividend Policy establishes the basic value for calculating the amount of dividends as 50% of RusHydro Group's net profit for the corresponding reporting year, as determined in accordance with international financial reporting standards (hereinafter referred to as the "IFRS"), excluding those recognized as part of this net profit:

- income and expenses associated with the recognition (recovery) of impairment losses on fixed assets and intangible assets, as well as their write-offs (except for write-offs related to sales);
- income and expenses associated with changes in the fair value of financial assets, as calculated pursuant to IFRS;
- income and/or expenses associated with exchange gains/(losses);
- profits or losses that have been allocated to the non-controlling interests of a subsidiary, as identified under IFRS, during the reporting period.

In addition, Clause 2.3 of the Regulation on Dividend Policy sets the minimum amount of dividend payments as equal to the average amount of dividend payments over the Three (3) preceding years.

The Regulation on Dividend Policy takes into account the provisions set forth in Directive No. 774-r of the Government of the Russian Federation dated May 29, 2006 (as amended by Directive No. 1589-r of the Government of the Russian Federation dated June 11, 2021). Pursuant to Federal Law No. 208-FZ dated July 27, 2010 "On Consolidated Financial Statements," the Company is an organization that shall prepare consolidated financial statements under IFRS and also takes into account the norms stated in the Moscow Exchange Methodical Recommendations for Drafting and Implementing Dividend Policies by Public Companies and the Corporate Governance Code approved by the Bank of Russia.

Based on the results of 2021, the net profit, as determined in the Company's annual financial statements prepared in accordance with Russian Accounting Standards, amounted to **50,856.8** million rubles.

The profit earned is proposed to be distributed as follows:

– **1 219.1** million rubles – to the Reserve Fund, in the amount of 2.4% of net profit in accordance with Clause 1 of Article 35 of the Federal Law “On Joint-Stock Companies” and Clause 2.11 of the Company’s Articles of Association.

The Reserve Fund of the Company is generated by mandatory annual contributions until it reaches the amount established by the Company’s Articles of Association – Five (5) percent of the authorized capital.

The amount of the annual contributions shall be as stipulated by the Company’s Articles of Association, but may not be less than Five (5) percent of net profit until the specified amount is reached.

In accordance with Clause 4.1 of the Company’s Articles of Association and the Company’s annual financial statements for 2021 prepared under Russian Accounting Standards, the amount of the authorized capital of the Company is 439,288,905,849 rubles, while the amount of the Reserve Fund of the Company is 20,745,315,699.73 rubles, or 4.72% of the Company’s authorized capital.

With due regard to the proposed results of profit distribution based on the results of 2021, the Reserve Fund will amount to 21,964,445,292.45 rubles, or 5.0% of the Company’s authorized capital (the amount of contributions based on the 2021 results in rubles – 1,219,129,592.72);

– **23,304.0** million rubles for the payment of dividends in the amount of dividends at the 2020 level. Taking into account the current complicated economic conditions in the Russian Federation and the needs of the RusHydro Group in its own sources of financing, the Board of Directors is recommended to approve the allocation of profit subject to the payment of dividends at the level of the previous year 2020. The proposed amount of dividends is lower than the level of dividends calculated according to the Regulations on the Dividend Policy but higher than the average value of dividends declared for Three (3) previous periods - 18,299 mln rubles (dividends for 2018 - 15,919 mln rubles; dividends for 2019 - 15,674 mln rubles; dividends for 2020 - 23,304 mln rubles).

– **26,333.7** million rubles – to the Company development.

The amount of profit to be allocated to the Company development is composed as follows:

- **6 549.9** million rubles – the amount of financing of the Company’s Investment Program for 2021, which amount is approved in accordance with Resolution No. 977 of the Government of the Russian Federation dated December 1, 2009 “On Investment Programs of the Electric Power Industry Entities,” and Order No. 26@ of the Minenergo of Russia dated December 22, 2021. The Investment Program includes financing the Company’s investments (technical reconstruction and modernization, facilities under construction, and others) and the construction of priority projects in the Far East, as well as projects approved by Directive No. 1544-r of the Government of the Russian Federation dated July 15, 2019;
- **738.8** million rubles – the amount of financing for the Company’s investments in investment projects of controlled organizations, approved

as part of the Company's business plan for 2021 by resolution of the Company's Board of Directors (Minutes No. 326 dated April 15, 2021);

- **19 045.0** million rubles – the amount of financing investments in 2022 as per the RusHydro Group's consolidated business plan for 2022-2026, approved by resolution of the Company's Board of Directors (Minutes No. 341 dated February 28, 2022). The said funds will be allocated to finance the projects as the source of financing titled "balance of own funds at the beginning of the year" provided for by the Integrated Trunk Infrastructure Modernisation and Expansion Plan for the period until 2024 approved by Directive No. 2101-r of the Government of the Russian Federation dated September 30, 2018.

On June 08, 2022, the Board of Directors recommended the annual General Meeting of Shareholders of the Company to pay dividends on ordinary shares of the Company according to the results of 2021 in the amount of 0.05304937 rubles per one share (according to the results of 2020 - 0.0530482 per one share).

The proposed amount of dividends in the sum equal to 23,304 mln rubles is lower than the level of dividends calculated according to the Regulations on the Dividend Policy of RusHydro (Minutes No. 336 of November 25, 2021) but higher than the average value of dividends declared for three (3) previous periods - 18,299 mln rubles (dividends for 2018 - 15,919 mln rubles; dividends for 2019 - 15,674 mln rubles; dividends for 2020 - 23,304 mln rubles).