



APPROVED

By Resolution of the Board of Directors
of the Public Joint-Stock Company LSR Group
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Chairman of the Board of Directors
of the Public Joint-Stock Company LSR Group

(I. Levit)

Seal

REGULATIONS ON DIVIDEND POLICY, PJSC LSR GROUP

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PJSC LSR Group

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1. GENERAL PROVISIONS

1.1. These Regulations on Dividend Policy (the “Regulations”) of the PJSC LSR Group are prepared in conformity with the legislation of the Russian Federation, the Charter of PJSC LSR Group (the “Company”), the Regulations on the Company’s Board of Directors and the Company’s other in-house acts, the listing rules of the stock exchanges on which Company securities are quoted, and the Code of Corporate Governance recommended for use by the Central Bank of the Russian Federation.

1.2. These Regulations were developed with the aim of implementing a transparent and easily-understood mechanism for determining the size of dividends and dividend payments.

1.3. They determine the approach of the Company’s Board of Directors to the development of recommendations on the size of dividends on Company shares and the procedure for the payment of these dividends.

1.4. The Company’s current dividend policy has been determined for the medium term (3 years). The dividend policy may be amended if the Company’s development needs or the economic situation as a whole render this necessary. Other conditions, such as a change in corporate control of the Company, shall not constitute grounds for amending the Company’s dividend policy.

1.5. The Company’s dividend policy is founded on a balance between Company and shareholder interests; on the need to increase the Company’s capitalization and its attractiveness to investors; on the principle of providing shareholders with equal and equitable opportunities to share in Company profit by receiving dividends; and on the strict observance of shareholders’ rights as stipulated by the prevailing legislation of the Russian Federation, the Company Charter, and the Code of Corporate Governance recommended for use by the Central Bank of the Russian Federation.

1.6. The Company is entitled to make a decision on (declare) the issue of dividends on distributed shares on the basis of the results of the first quarter, six months, nine months and the reporting year.

1.7. The Company aims to issue dividends annually.

1.8. Dividends are issued exclusively in monetary form.

1.9. It is a right and not an obligation of the Company to make a decision regarding the issue of dividends on shares. The Shareholders’ Meeting (the “Meeting”) is entitled to decide that dividends on shares will not be issued or to refrain from taking a decision on the issue of shares.

1.10. No decision regarding the issue of shares shall be taken if this decision, while not formally in breach of the restrictions imposed by the applicable legislation, is economically unfounded and could lead to the creation of false impressions of Company activity.

1.11. The payment of declared dividends is an obligation of the Company. The Company shall be accountable to its shareholders for failure to fulfil this obligation pursuant to the prevailing legislation.

1.12. If fractional shares in the Company are formed, then the Company shall be guided by the prevailing legislation of the Russian Federation in determining the

procedure for calculating and issuing dividends on these shares.

1.13. Shareholders shall receive profit (revenue) from the Company exclusively through receiving dividends and liquidation value. Shareholders shall not be permitted to receive profit (revenue) from the Company in any other way.

2. DETERMINING THE SIZE OF DIVIDENDS

2.1. Dividends shall be issued to Company shareholders from the Company's profit after taxes (net profit) as recorded in the annual financial statements of the Company, compiled in conformity with the requirements of Russian legislation, if no restrictions have been placed on the issue of these dividends pursuant to the applicable legislation.

2.2. If profit is generated based on the results of the first quarter, six months, nine months or the reporting year, the Company shall have a right to use a portion of the profit to pay dividends while using the remaining portion of the profit left in the Company mainly for reinvestment in order to increase the capitalization of the Company.

2.3. The recommended amount of dividend payments, including dividend payments based on the results of the first quarter, six months and nine months of the reporting year shall be determined by the Company's Board of Directors based on the financial results of the Company's activity for the year. As a rule, this amount shall constitute at least 20% of the Company's consolidated net profit for the past fiscal year, determined on the basis of the consolidated financial statements of the Company, compiled in accordance with the International Financial Reporting Standards ("IFRS").

2.4. Dividends on Company shares shall be calculated using the formula:

$$D = D_o \times N_o,$$

where

D is the amount of dividends issued by the Company (RUB);

D_o is the size of the dividend on one ordinary share, as recommended by the Company's Board of Directors for approval by the Meeting (RUB);

and N_o is the number of ordinary shares issued by the Company (number of shares).

2.5. The recommendations of the Company's Board of Directors concerning the size of dividends calculated on the basis of the results of the first quarter, six months, nine months and the reporting year shall be based on data from the consolidated financial statements of the Company, compiled in accordance with the IFRS, or on data from the accounting records of the Company, compiled in accordance with the Russian Accounting Standards (RAS), for the relevant period.

2.6. Upon deciding on the size of dividends to be recommended to the Meeting, the Company's Board of Directors shall take into account the current financial and competitive position of the Company, the potential for its development, including the expectations for operating cash flow and capital investment, financing needs and other factors that can affect the Company's ability to maintain financial stability and flexible

capital structure. Taking into account the above mentioned factors, and also in the event of either one of the following:

- Insufficient profit earned during the reporting period.
- Insufficient amount of operating cash flow (insufficient amount of cash).
- Failure to fulfil the investment program, determined by the Company's financial-business plan (budget).
- Exceeding the Company's target debt level.

the Company's Board of Directors can recommend to the Meeting not to pay dividends or to pay dividends in the amount other than the amount stated in the clause 2.3.

3. PROCEDURE FOR MAKING A DECISION ON THE ISSUE OF DIVIDENDS

3.1. The decision to issue (declare) or not issue dividends, including the decision on the size of dividends and the form in which they will be issued, shall be taken by the Meeting. However, the decision to approve the size of dividends shall be taken only on the recommendation of the Company's Board of Directors.

3.2. The decision concerning the size of dividends on shares to be recommended to the Meeting and the procedure for issuing these shares shall be taken at a meeting of the Company's Board of Directors no later than 30 days before the date the Meeting is due to be held.

3.3. The decision to issue (declare) dividends must cover the size of dividends on shares of each category (type), the form in which they will be issued, and the date on which persons who have the right to receive dividends shall be determined. However, the decision concerning the establishment of the date on which persons who have a right to receive dividends shall be determined shall be taken only following a proposal by the Company's Board of Directors.

3.4. The declared amount of dividends shall include the amount of taxes stipulated by the prevailing legislation of the Russian Federation.

3.5. The size of dividends approved by the Meeting may not exceed the size recommended by the Board of Directors of the Company.

3.6. The decision to issue (declare) dividends on the basis of the results of the first quarter, six months, and nine months of the reporting year may be taken by the Meeting within the three months following the end of the period in question.

4. DIVIDEND PAYMENT PROCEDURE

4.1. The Meeting at which a decision is taken concerning the issue of dividends shall determine the date on which the list of persons who have the right to receive dividends shall be drawn up only following a proposal by the Company's Board of

Directors. The date on which, in accordance with the decision to issue (declare) dividends, persons who have the right to receive dividends are determined may not be fewer than 10 days or more than 20 days after the date on which the decision to issue (declare) dividends is taken.

4.2. In order to issue the dividends, the Company's Registrar (the "Registrar") shall draw up a list of persons who have the right to receive dividends on the date determined by the Meeting.

4.3. The amount of dividends allocated to each shareholder shall be determined by multiplying the size of the dividend on a single share, as agreed by the Meeting, by the number of shares held by the shareholder.

4.4. Dividends shall not be allocated to or issued on shares:

4.4.1. which are not in circulation (not distributed);

4.4.2. which are on the Company's balance sheet;

4.4.3. and in other cases provided for in the prevailing legislation.

4.5. Dividends must be issued to nominee shareholders and trustees who are professional participants in the securities market and who are listed in the register of shareholders no more than 10 business days from the date on which persons with the right to receive dividends are determined. Dividends must be issued to other persons listed in the register of shareholders no more than 25 business days from this date.

4.6. Dividends shall be issued to persons who have possessed shares in the company and to persons who exercise rights to these shares in accordance with federal laws at the end of the working day on which persons with the right to receive dividends are determined in accordance with the decision on the issue of dividends.

4.7. Dividends shall be issued in monetary form without cash transfer by the Company or by the Registrar at the Company's request. Dividends shall be issued in monetary form to natural persons whose rights to shares are recorded in the Company's register of shareholders by transfer of funds to their bank accounts, details of which are in possession of the Registrar, or by transfer of funds by post in case when bank account details are not provided, while other persons whose right to shares is recorded in the Company's register of shareholders shall be issued dividends by transfer of funds to their bank accounts. Persons who have the right to receive dividends and whose rights to shares are recorded as being exercised through a nominee shareholder shall receive dividends in monetary form in accordance with the procedure established by Russian Federation legislation on securities.

4.8. Any person who has not received declared dividends because the Company or Registrar do not hold accurate records of the necessary personal details (address or bank details) or because of any other delay caused by the creditor shall be entitled to demand the issue of these dividends (unclaimed dividends) within three years from the date the decision concerning the issue of these dividends was taken. After the end of the period during which the issue of declared dividends may be demanded, declared dividends which have not been claimed by the shareholder shall revert to constituting part of the Company's undistributed profits.

4.9. When issuing dividends, the Company shall perform the functions of a tax

agent exclusively in relation to those persons whose rights to shares are recorded in the Company's register of shareholders, and shall withhold and transfer the dividend tax as stipulated by the legislation.

5. INFORMING SHAREHOLDERS OF THE DIVIDEND POLICY

5.1. The Company shall post these Regulations, amendments thereto, and the dividend history of the Company on its website: <https://www.lsrgroup.ru/> (the "Company's website").

5.2 The Company shall have a right to post these Regulations on the web page provided to the Company by one of the information agencies that is authorized by the respective regulatory body to distribute information on securities and other financial instruments.

5.3 In the event of amending the Dividend policy, the Company shall be obliged to post on its website detailed information on the reasons and premises for such an amendment.

5.4. The Company shall publish information on the decision of the Meeting on the issue of dividends on its Russian and English versions of the Company's website and shall also bring this information to the attention of Company shareholders by publishing it in conformity with the requirements established in the prevailing legislation of the Russian Federation.

5.3. The materials presented to shareholders to facilitate decision-making at the Meeting must include information on whether the proposed distribution of net profits conforms to the requirements of the Regulations.

6. ACCOUNTABILITY FOR LACK OF PAYMENT OF DECLARED DIVIDENDS

6.1. The Company is obliged to issue declared dividends on shares.

6.2. The Company is accountable to its shareholders for failure to fulfil its obligation to issue declared shares pursuant to the prevailing legislation of the Russian Federation.

6.3. The Company and the Registrar shall bear no responsibility for any losses caused in connection with the failure of persons who are registered as Company shareholders to provide the Registrar in good time with information which legally must be provided.

6.4. The Company shall post a message to shareholders on the Company's website explaining the importance of notifying the Company in good time of changes to any of their personal data which is necessary for the issue of dividends (bank account details, postal address, etc.), along with the information on the consequences and risks of failure to notify the Company in good time of any changes to this data.