

DIVIDENDS

The Dividend Policy of Rosseti Kuban is a set of principles and methods used to determine the ratio between the capitalized portion of the Company's profits and the amounts paid as dividends, as well as the system of relations and principles for determining the procedures and the terms of dividend payouts, the allocation of Company responsibility for the dividend payment.

The Dividend Policy of the Company is based on the strict observance of the shareholders' rights as prescribed by the existing laws of the Russian Federation, the Articles of Association, and the bylaws of the Company. Its key goal is to enhance the investment appeal of the Company and its market cap.

The Dividend Policy of Rosseti Kuban is determined by the Dividend Policy Regulation approved by the Board of Directors' decision on January 31, 2018 (Minutes No. 297/2018 dated February 1, 2018). The Policy is available at the Company's official website in the section About the Company / Constituent and In-house Documents.

Main principles of the dividend policy of Rosseti Kuban:

- compliance with the Company practices for dividend accrual and payment, the laws of the Russian Federation and the standards of corporate governance (decree No. 1094-r of the Government of the Russian Federation dated May 29, 2017);

- optimal balance of interests of the Company and its shareholders;
- setting the dividend volume to at least 50% of the net profits determined according to the financial statements, including the consolidated reports prepared following the international financial reporting standards and calculated using the procedures set out by the Dividend Policy Regulations;
- supporting the quarterly dividend payments if the relevant criteria are met;
- supporting the maximum transparency (reliability) of the dividend calculation mechanism and dividend payout procedures;
- supporting the positive dynamics of dividend payment volumes provided that the net profits of the Company increase;
- making the information on the Company dividend policy available to the shareholders and other interested parties;
- maintaining the required level of financial and technical condition of the Company (implementation of the investment program), providing the development potential for the Company.

Profit distribution¹ (RUB thsd)

Indicator	For 2016	For 2017	For 2018	For 2019
Undistributed profit (loss) of the reporting period	2,140,500	525,276	151,158	2,428,011
Including:				
• Reserve fund	107,025	26,264	7,560	121,401
• Profits to development	1,498,350	177,442	0	1,669,696
• Dividends	535,125	321,570	143,638	636,914
• Recovery of losses of prior periods	–	–	–	–

¹ Profit distribution decisions for 2016, 2017, 2018, 2019 were made by the annual General Meeting of Shareholders (Minute No. 39 dated June 20, 2017, No. 40 dated May 25, 2018, and No. 42 dated June 20, 2019, No. 43 dated May 29, 2020, respectively).

History of dividend payouts made by the Company (RUB)

Dividend period, year	Number and date of the Minutes of the General Meeting of Shareholders, when the dividend payment decision was made	Record date of making a list of persons entitled to dividends for the dividend period	The volume of declared (accrued) dividends for the shares of this category (type) per one share in rubles	Cumulative declared (accrued) dividends for all shares of this category (type)	The total amount of dividends paid on all Company's shares of one category (type)	Due date of the declared dividends	Form of payment and other provisions for the declared dividends	Causes of non-distribution of declared dividends
2015	27.06.2016 №. 37	13.07.2016	4.047105	1,144,797,000	1,144,279,337.45	10 and 25 working days ¹	Monetary funds	The questionnaire contains no dividends allocation details to be provided by a registered person
2016	29.06.2017 №. 39	27.06.2017	1.762658567	535,125,135	534,876,410.47	10 and 25 working days ²		
2017	25.05.2018 №. 40	05.06.2018	1.0585165	321,570,274	321,441,720.82	10 and 25 working days ³		
2018	20.06.2019 №. 42	01.07.2019	0.472815	143,638,053	143,564,792.83	10 and 25 working days ⁴		
2019	29.05.2020 №. 43	15.06.2020	1.90318	636,914,000	636,637,006.05	10 and 25 working days ⁵		

Summarizing the results of the 2010–2014 financial years, the General Meeting of the Company's Shareholders decided not to pay dividends.

In 2020 (as of 2019 year-end), the federal budget paid dividends in the amount of RUB 39,639 thousand; there is no outstanding balance.

^{1.} For nominee shareholders that are securities market professional trustees, the term of payment is 10 working days maximum, and for other registered shareholders – 25 working days from the record date.

^{2.} Ditto.

^{3.} Ditto.

^{4.} Ditto.

^{5.} Ditto.