



SISTEMA PUBLIC JOINT STOCK FINANCIAL CORPORATION

Annual General Meeting of Shareholders of Sistema PJSFC on 29 June 2019

**Explanatory note
on item No 2
of Annual General Meeting of shareholders of Sistema PJSFC
"Distribution of income, approval of the amount of dividends payable on Sistema's shares, the form
and procedure of the distribution, and the record date"**

In accordance with the Federal Law "On Joint-Stock Companies", it is hereby proposed that the General Meeting of shareholders approve the amount of dividends payable on the shares of Sistema PJSFC (hereinafter also, "the Company") for 2018, the form and procedure of the distribution and the record date. Resolution on this agenda item shall be passed following the proposal of the Board of Directors of Sistema PJSFC.

Taking into account the priority of the strategic goal to reduce the Company's debt, the Board of Directors agreed with the amount of dividends for 2018 proposed by the management, and at its meeting on 29 March 2019 resolved to recommend that the General Meeting of shareholders of Sistema PJSFC approve distributing RUB 1,061,500,000.00 in dividends for 2018, which corresponds to RUB 0.11 per ordinary share or RUB 2.20 per GDR.

It is expected that the Board of Directors, when determining the recommended amount of dividends in the future, will be taking into account the acceptable rate of the Company's debt reduction and the proportionality of dividends to the current cash flow of the Company, which is necessary to maintain a balance between the rights and interests of all shareholders and the Company's ability to pay dividends and reduce its debt burden.

It is hereby proposed that the General Meeting of shareholders approve 18 July 2019 as the record date for the purpose of determining the shareholders entitled to dividends. In this case, dividends will be paid before 01 August 2019.