

EXPLANATORY NOTE

Distribution of profit, including payment (declaration) of dividends upon the results of 2024 reporting year

Justification of the proposed distribution of net profit and assessment of its compliance with the dividend policy adopted by the Company.

In accordance with the Federal Law "On Joint Stock Companies", the decision on profit distribution, including the payment (declaration) of dividends based on the results of the reporting year, is made at the Annual General Meeting of Shareholders of the Company. At the same time, recommendations on the amount of dividends on shares and the procedure for their payment are within the competence of the Board of Directors of PJSC MMK.

The Company's dividend policy is based on the balance of interests of the Company and its shareholders, on increasing the Company's investment attractiveness and its capitalization, on respecting and strict observance of shareholder rights stipulated by the current legislation of the Russian Federation, the Company's Charter and by the Company's Corporate Governance Code.

The dividends shall be paid out of the Company's net profits determined according to accounting (financial) statements of the company.

In accordance with the current dividend policy, when making its recommendations on the size of a dividend, the Board of Directors is guided by the following principles:

- provided that the 'net debt/EBITDA' ratio calculated from the consolidated financial statements is below 1.0x, the amount of funds allocated for paying dividends will generally amount to at least 100% of the free cash flow calculated from MMK's consolidated financial statements compiled in accordance with International Financial Reporting Standards;

- if the 'net debt/EBITDA' ratio exceeds the value of 1.0x, the amount of funds allocated for dividend payout will generally amount to at least 50% of the free cash flow calculated on the basis of MMK's consolidated financial statements prepared in accordance with International Financial Reporting Standards.

When making recommendations on the amount of dividends, the Company's Board of Directors may use indicators other than free cash flow, calculated on the basis of MMK's consolidated financial statements prepared in accordance with International Financial Reporting Standards. As such, the following indicators can be used: net profit determined on the basis of the Company's consolidated financial statements prepared in accordance with international financial reporting standards, or the net profit determined on the basis of the Company's accounting (financial) statements drawn up in accordance with Russian accounting standards.

Pursuant to Article 42.1 of the Federal Law "On Joint Stock Companies" and Clause 1.6 of the Regulations on the Dividend Policy of MMK PJSC, the decision to pay (declare) dividends on shares is the Company's right, not its obligation.

Given the negative trends in the industry, including declining steel products consumption in Russia, price adjustments for rolled metal products, the cancellation of preferential mortgage programs, and high interest rates—all of which have led to a decrease in PJSC MMK's net profit—the Board of Directors of PJSC MMK recommended to the Annual General Meeting of Shareholders (AGM) to make a decision not to pay dividends on

outstanding ordinary shares of PJSC MMK for the reporting year 2024. Additionally, the Board proposed to approve the allocation of the Company's profit for 2024, taking into account the interim dividends already paid for the first half of 2024 amounting to 27.87 billion rubles (2.494 rubles per share including tax) (Minutes No. 15 dated April 25, 2025).

Draft resolution:

Dividends on PJSC MMK's placed ordinary shares based on the results of MMK's performance in 2024 reporting year shall not be paid. To approve the distribution of profit of MMK PJSC based on the results of the reporting year 2024, recommended by the Board of Directors of MMK PJSC, taking into account the dividends paid for the first half of the reporting year 2024 in the amount of 27.87 billion rubles (RUB 2.494 including tax per share).