MOSCOW EXCHANGE

Moscow Exchange Group Strategy 2028 Webinar

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Speakers:

- Anton Terentiev, Head of Investor Relations
- Artem Zheleznov, Head of Strategy
- Mikhail Panfilov, CFO

Participants asking questions:

- Olga Naidenova, Sinara Bank
- Svetlana Aslanova, Arowana Capital
- Elena Tsareva, BCS
- Mikhail Ganelin, Aton
- Anatoly Poluboyarinov, Smartlab
- Dmitry Bagrov, PFL Advisors
- Evgeny Kipnis, Alfa Bank
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Anton Terentiev – Head of Investor Relations

Good afternoon everyone, and welcome to Moscow Exchange's conference call on the new 2028 strategy and the updated dividend policy. Today we have on the call our Head of Strategy, Artem Zheleznov, and CFO, Mikhail Panfilov. We will start with the presentation followed by a Q&A session. Artem will talk about the delivery on the previous strategy, the background of the new strategy, key areas of development and strategic initiatives as well as the goals we have set to achieve. Mikhail will comment on financial targets and the dividend policy. The slides are in Russian but we will conduct the call in two languages providing simultaneous translation into English. Please ask your questions in both Russian and English.

By now, you must have received our press release outlining the key elements of the new strategy and dividend policy, which are both available on our website in the Investor Relations section. Artem, please go ahead.

Artem Zheleznov – Head of Strategy

Thank you, Anton. Good afternoon, dear colleagues. Let us jump into the presentation.

Slide 2. The history of the Moscow Exchange – the history of continuous success. We are adopting the fourth strategy in the company's public history after the IPO in 2013. The first strategy was adopted in 2012 with a horizon until 2015. Its main objective was to achieve product and infrastructure parity with the best international peers and analogues. As a part of the strategy, we launched trading of Eurobonds and grain, switched the settlement period for shares to T+2 and for OFZs (government bonds) to T+1. It is worth noting that a lot of work was also carried out with Euroclear and Clearstream, as a result of which we introduced access to corporate and government bonds.

In 2015, the Group adopted its next strategy with a focus on setting up a unified trading and clearing infrastructure on the Russian market. From 2016 to 2019, we managed to launch repos with a general collateral pool, provide corporations with access to the foreign exchange market and to deposits with the central counterparty, set up a unified collateral pool in NCC, introduce the first green bonds, and also launch some indicators, for example, RUSFAR.

In line with our strategy adopted in 2019, we evolved our business model beyond the classical exchange activities, while maintaining access to international infrastructure – both for foreigners to the Russian market and for Russian citizens to foreign assets. To achieve our strategic goal, we launched a Finuslugi marketplace, began trading in foreign stocks and also carbon units on the Moscow Exchange, expanded the trading session for foreign exchange, derivatives and stock market, added bonds and other instruments in the yuan.

Slide 3. Strategy 2024 actually proved to be impossible due to the new geopolitical environment, but the revenue and financial targets were achieved. The provisions of the Strategy related to the Moscow Exchange's status as an international access point largely lost their relevance in 2022 due to the changed situation and also became unachievable. However, in terms of financial performance, the Moscow Exchange achieved significant fulfillment of its goals and targets set in Strategy 2024.

The slide shows the main factors of our growth according to Strategy 2024. In accordance with our Strategy goals, they were supposed to drive our CAGR up to 10% in the F&C income. We predicted approximately the same

CAGR across three pillars: macro and organic growth, growth in terms of deepening the market, and growth in terms of projects of the "More Than Exchange" pillar.

In reality, we managed to achieve better results in terms of macro and organic growth as well as in terms of "deepening the market" pillar due to favorable macroeconomic environment and efforts of the Moscow Exchange Group management.

As part of the More Than Exchange pillar, we were able to help corporations get all the tools to manage assets and liabilities on our OTC platforms. For example, the NTPro foreign currency platform and the Moex Treasury platform. We also managed to help individuals make effective decisions about their finances in the trusted environment of the Finuslugi marketplace. However, in this direction, growth turned out to be more modest than planned in the Strategy due to the conservative approach to the development of new projects amidst the changes in the external environment.

Slide 4. The new financial market landscape requires the approval of a new strategy. Due to significant changes in the financial market landscape, the Supervisory Board of the Moscow Exchange decided to update the Group's strategy. The key changes that effected this decision are outlined on this slide.

The share of non-residents in free float is frozen. The available free float is about 10% of the market capitalisation and the main owners of the free float are Russian individuals and local institutional investors. The share of foreign investors in trading fell to almost zero and in public offerings and deals basically to zero. We have seen the dominance of retail investors in the stock and derivatives markets, with their share reaching some 70% of trading volumes, a record over recent years. There was a change in the currency structure of the Russian economy, with a shift towards the currencies of different jurisdictions. We are also observing a sharp increase in interest towards the yuan, with the trading in the yuan increasing tenfold. The concentration of the largest professional participants and institutional players has increased significantly due to changes in the market. We also observe the decline in the shareholder activism, analytical coverage, and corporate disclosure levels. It is very important for a well-functioning financial market to fill this gap.

Slide 5 shows the local and global trends underlying the new strategy. We have divided the main trends into three main categories: macroeconomic trends, global industrial trends, and local trends in the Russian financial market. Among the macroeconomic trends, the obvious ones are the deglobalization, the increased corporate and sovereign debt, the closure of quantitative easing programmes, and the growth of Asian economies. As for the trends affecting international market infrastructures, we observe a race of artificial intelligence, DeFi, expansion through M&A, and a rise of ESG investments. The main trends in the Russian financial market were noted on the previous slide.

Slide 6. We believe that the understanding of the needs of each client group is the key to success in our new strategy. We are changing our strategic vision and now aim to be not only a leading financial infrastructure provider, but also become the point of access to the financial market for the final customer. Therefore, the list of our client segments, which previously included professional market participants and corporations, is now expanded to include individuals.

For individuals, we are working to meet their needs in financial products and services and will expand our product capabilities by providing them with our platform services. For corporations, we will offer a broad range of capital market access tools, from classical platform-based tools to new ones designed for medium and small-sized corporations. For professional market participants, we are deepening the product line to meet the needs of their clients and developing a set of financial services, while also working to increase the customer satisfaction level among professionals.

Slide 7. To achieve the new goals, we will be developing three business directions, while not forgetting the enablers. This is a very important slide showing key priorities of our new strategy.

In the new strategy, we set six priorities, three business directions and three enablers of future achievements. In terms of business directions, our first priority is developing capital markets. We will expand the list of instruments, including ESG ones, and work towards increasing their liquidity. The second priority is engaging and attracting the final customer to the market. To do this, we will continue developing our platform solutions, for example, the Finuslugi and digital assets platforms, build terminals, including those based on AI tools. The third priority is maintaining international access and preserving links with international infrastructure providers, while also introducing their instruments on the Moscow Exchange.

Enablers are projects and initiatives that will allow us to achieve business goals set in the new strategy. We aim to succeed across all business areas listed on this slide by transforming our corporate culture and processes, promoting a culture of investment in Russia and utilizing the most advanced technologies and solutions in our day-to-day activity.

The next slides demonstrates the targets among key business directions. Within each business direction, we set ambitious goals which are displayed on the screen. We anticipate active development of the stock market deals, both in terms of public issuances and on the OTC platform. We also plan for significant growth in the bond market on the Moscow Exchange. We believe that double-digit count in the number of deals is achievable subject to favourable macroeconomic environment. Within the international access business direction, we will establish links, conduct cross-listing of instruments, attract foreign investors and assist in the redomiciliation of foreign public joint-stock companies to the Russian financial market. On the Finuslugi marketplace and in terminal services, we will actively expand our client base and develop a product line of digital financial assets.

Slide 9 shows new realities, the new strategy and new goals for the next years. In the 2024 Strategy, the goal was to achieve a 10% CAGR in our F&C income, and we were able to reach it even earlier than planned. In the new strategy, we set a more ambitious goal for ourselves – to achieve significant growth of the Group's capitalization, which, we believe, is attainable with a net profit of RUB 65 billion or more on the forecast horizon. Our goal does not cancel previously targeted revenue growth objectives; on the contrary, it complements them with benchmarks for net profit levels and dividend levels, which ultimately is the goal of our shareholders. We believe that this is the right goal for the MOEX, as the exchange largely grows from the development of capital markets and, obviously, market capitalisations. To achieve this goal, we will invest in initiatives with high growth potential.

Slide 10 shows the key ambition of our new strategy, which is to go beyond the infrastructural role. To do this we will continue to retain the role of the market development driver but also seek to become a source of financial products for the final customer. We will also increase penetration in the corporate segment through platform solutions. Ultimately, we should transform into a shop window where you can explore, compose, and implement a long-term financial plan in just a few clicks.

Now I will pass the floor over to our CFO Mikhail, who will talk about our financials and dividend policy. Thank you.

Mikhail Panfilov – CFO

Good afternoon, everyone. As part of our new strategy, we introduce an updated dividend policy, under which we set a minimum payout level of 50% of IFRS net profit. We have tested our financial model against a variety of scenarios and got convinced that the payout of 50% is viable and doable. At the same time, the target payout ratio is 100% of the free cash flow that is left after meeting both organic and non-organic development goals as well as the requirements of regulations and internal policies. We plan to pay out dividends on an annual basis, yet we might consider more frequent payments in the future. However, we are not working on this option today.

Slide 12. Our ultimate ambition is to grow our market cap on the back of fundamentals, i.e. strong financial performance. If our multiples return to historical averages, we believe we can reach a market cap of RUB 700 billion and above. This is the level we internally see as a BHAG. To achieve this, we need to grow fast enough, as well as maintain efficiency and profitability indicators such as ROE and CIR at the levels defined in the strategy. Our aspirations rest on the financial model. We forecast a net profit level of RUB 65 billion and above, driven by the fee income CAGR of above 13%. The cost to fee income ratio will be in the range of 50% to 55%. ROE will surpass the cost of capital, staying at 18%+ on the strategic horizon. Therefore, we will be able to provide our shareholders with attractive returns and achieve our target market cap level.

This concludes our overview of the new strategy and dividend policy. We are now ready to take your questions.

Operator

Our first question comes from Olga Naidenova, Sinara Bank.

Olga Naidenova – Sinara Bank

My first question is related to your target ROE level of at least 18%. What kind of interest rates and revenue structure do you forecast for the strategic period? What is your target here? I would also appreciate a few more details on your commission growth target of a CAGR of 13%. Is the base year 2022 or year 2023? My final question is on the minimal capital requirements for your regulated entities. Could you disclose what the current level is and what kind of growth rates you are expecting there?

Artem Zheleznov – Head of Strategy

Olga, thank you for your questions. On the interest rates: we are following the projections and forecasts of the Central Bank of Russia. You should refer to the recent press releases of the Bank of Russia's Board of Directors, which disclose their forecasts. As for the structure of our F&C income, we apply different growth rates for different markets because we have pretty diversified revenue streams across all of them. The sum of all of them corresponds to CAGR of 13%. Regarding your second question, the 13% CAGR is applied to the 2022 fee and commission income because these are the most recent full-year IFRS numbers. I am passing the floor over to Anton now.

Anton Terentiev – Head of Investor Relations

The third question is about the target capital level, or in other words, the amount of capital we actually need to run the business. Unfortunately, we cannot go into much detail here but what I can say is that the most recent reported figure on that is disclosed in the investor presentation available on our website. It dates February 2022. If we stack together the requirements that we disclose by subsidiary, we get the overall figure of the required capital. We can say that today our requirement is higher. We need more capital today. This is as much information as I can give you at this moment on that.

Olga Naidenova – Sinara Bank

Thank you. I have a quick follow-up question. In the past, you had a goal to reduce the share of interest income in your income structure. Do you still have this type of goal right now?

Anton Terentiev – Head of Investor Relations

Thank you. The question relates to the composition of our revenue, also known as the operating income. It consists of two parts – fees and commissions (F&C) and net interest income (NII). Back in the days when interest rates were either flatlining or on a multi-year decline, we were able to provide a vision for the split between F&C and NII. We were even able to target that split. In the current environment, where a couple of months ago we had a key rate of 8.5% and now it is 12% and on to 13%, I do not think such a forecast of revenue structure really makes sense. I do not think we have any trend on the table. Once we get to a point where we understand the trend and it is reliable and we can really trust it, then we might come back to targeting the structure, but unfortunately not at the moment.

Operator

Our next question comes from Svetlana Aslanova, Arowana Capital.

Svetlana Aslanova – Arowana Capital

As you did not present in your strategy any of your targets on M&As or CAPEX, could you please provide those targets? Could you please also tell us what we should think about personnel costs growth during your strategy? Should we expect more expensive employees to join your team?

Anton Terentiev – Head of Investor Relations

Speaking about CAPEX, it will, initially at least, be much higher than the historical level but towards the end of the strategic horizon is will not matter much in the context of the free cash flow. In other words, by the end of the strategic horizon, CAPEX will be comparable with the D&A. On personnel and personnel costs: indeed, the new strategic initiatives imply new hires of skilled employees but the pace of hiring will depend on, and be aligned with, the speed of implementation of such strategic initiatives. This is as much details and insight as I can give you on the personnel side.

Artem Zheleznov – Head of Strategy

On the M&A, I would like to add that we are not disclosing any details on the status of M&A deals or our pipeline. But I can say that there is a pipeline. We are considering this type of growth to support the growth targets set in the strategy and we have some experience of executing the M&A deals which helped us deliver on our strategy in the recent years.

Operator

The next question comes from Elena Tsareva, BCS.

Elena Tsareva – BCS

Could you please give more details on the decrease of the target dividend payout from 60% in the previous periods to 50%? Could you share any first thoughts on the potential payout for 2023? My second question is about competition. What do you see in terms of competition in your core business and new businesses like the marketplace, market data and digital financials assets?

Anton Terentiev – Head of Investor Relations

The 50% you are talking about is the minimum payout ratio. It is not a target payout, but rather a minimum level. We have never paid dividends based on the minimum payout ratio. It is a bit of a theoretical value. The targeted payout ratio is 100% free cash flow to equity, just like we had in the previous dividend policy. That approach stands. Let me remind you how we came to that figure. Back in the days, as Artem said when he was walking you through the different strategies we had over the years, we had a dividend payout ratio of 55% set in the dividend policy. It was advanced and cutting-edge dividend policy for the Russian market, where other companies were fighting for a 50% payout. We had 55%, and that was an achievement and an outstanding figure. Then, we moved on to the new dividend policy that targeted 100% free cash flow to equity. To keep the bridge between the old and the new dividend policies, we took the 55% figure, upgraded it to 60% and put it as the minimum level. But that minimum level does not matter that much because we have never actually paid according to it. So, I encourage you to focus on the target level. I will stop here and give the floor to Mikhail.

Mikhail Panfilov – CFO

Thank you. Our new dividend policy implies that for the purposes of calculation of the payout ratio, we account for the economic environment and force majeure factors. Our minimum payout ratio is based on the same logic. Moreover, we suppose that our financial model is capable to provide a payout ratio of more than 50%. It is viable and doable. At the same time, the target payout ratio is 100% of the free cash flow left after organic and non-organic growth. Before, we had to halt our dividend policy fixing the minimum payout ratio due to technical re-equipment, regulatory requirements and investment needs. That is why we actually reflected all those aspects in our new dividend policy to avoid future deviations and to be more transparent for our investors.

Anton Terentiev – Head of Investor Relations

Regarding what Mikhail has just said in his comment and earlier in his speech, it is important to highlight why the 50% ratio is better than 60% we had before. That 60% figure was an indicative level we never stress-tested or planned to pay. We were paying much more. This was just a figure we inherited from the previous dividend policies. Now the 50% we are talking about today was stress-tested and cross-checked against different scenarios we might be facing in the future and we actually believe we are capable of paying 50% for all these years until 2028. And now Artem will answer the question on competition.

Artem Zheleznov – Head of Strategy

Elena, thank you for your question about competition. We are closely looking into the competition on different markets and in different client groups in narrow and wider terms. In narrow terms, in this industry competition, there are six exchange licenses in the Russian financial market. Two of them are within the Moscow Exchange. We are closely looking at what is happening in the industry competition, and are trying to respond proactively and reactively. We mostly do this proactively, and we think that we will be able to compete successfully in this market by providing the most advanced services to satisfy clients' needs the best. As for the wider term of competition, let me put it like this: there are off-exchange and non-exchange types of competition. On the off-exchange, or OTC market, we definitely compete with peer-to-peer offering and we see that in a volatile market, clients go to the exchange as a more secure place, and in terms of non-exchange markets, it is marketplaces that we see as our competitors, and we differentiate ourselves from the competition on the basis of our client segment. We try to employ our technical advances to better meet the needs of an affluent segment as opposed to our competitors: they try to provide lead generation and marketplace services for the mass segment and probably subprime retail segment.

Operator

Our next question comes from Mikhail Ganelin, Aton.

Mikhail Ganelin – Aton

Hello and thank you for the presentation. Don't you think that your forecast for the period up to 2028 regarding net income might be a bit too conservative? Don't you think that you can achieve the RUB 65+ billion income much earlier given that the fundamental conditions for the Moscow Exchange are much better currently? A lot of people are coming to the market, you no longer compete with foreign markets, and Russian corporates are starting to use your facilities to raise capital. Obviously, this year is going to be very successful – maybe that will be a one-off event due to the very high interest rate, but nevertheless this is a ground for your growth. This is my first question.

Anton Terentiev – Head of Investor Relations

If we go back in time to October 2019, when we communicated our previous strategy, the only hard figure we were providing was a 10% CAGR over the strategic horizon, and that was already a big deal and an important message to the market. Now we are providing so much more figures and yet nobody is satisfied with that. We are simply glad that we can say that our net income will be RUB 65+ billion, with an emphasis on the plus sign. If we get to that level earlier, then it is good news. But we are talking here about a five-year horizon. If we look at where we were two years back, I do not think anyone was anticipating the situation we are facing now. And here we are looking at a five-year horizon. If we meet our target earlier, we will be happy and so will you; also, no one will be able to say we were providing misleading guidance as we guide for RUB 65**+** billion. Let me stop at this.

Mikhail Ganelin – Aton

Regarding your non-core projects and income from them, such as Finuslugi, market data access, and commodity market research: what is your plan for these segments? As far as I remember, you made a big bet on Finuslugi in the previous strategy and planned to invest significantly in this project. What is the plan at the moment? What share of your total income will be coming from these segments considering that present interest rates are high, which is also positive for the development of Finuslugi?

Anton Terentiev – Head of Investor Relations

Thank you for the question. Let me come back to one of the slides of our presentation. It shows all the business lines that you have mentioned as key to improving the service level for end clients. Historically and today, our clients have always been professional market participants. We have already started to increase the service offering to all client categories: end clients and intermediaries. This layer of services we are talking about cater for end clients. What I can tell you today is that we count on these products and services to be a meaningful factor for our F&C income growth that we see into the year 2028.

Operator

We have a follow-up question from Olga Naidenova.

Olga Naidenova – Sinara Bank

In the past, the Moscow Exchange has been positioning itself as a positive operating jaws company, with its fee income growing faster than operating expenses. We have seen years when this ratio was below 50%. The 50–55% range is roughly where we are now. Why are you not expecting any improvement over the strategy horizon? What drives cost growth in the medium term?

Mikhail Panfilov – CFO

In our view, our cost to fee income ratio is going to be between 50% and 55% over the strategic horizon. We suppose that it could be a little bit higher for the next several years, but we will be doing our best to achieve our strategic goal.

Olga Naidenova – Sinara Bank

Could you please comment what drives your cost (OPEX) growth?

Anton Terentiev – Head of Investor Relations

The cost to income ratio we have outlined is quite strong and ambitious. It indicates high levels of efficiency, and we definitely expect no deterioration in terms of operational efficiency over the strategic horizon. As you know, our historical composition of costs is a 50/50 split between G&A and personnel expenses. So naturally we will have to be growing both these lines. But at this stage we are really drawing a big picture here and we are not going too much into details. This is not a quarterly results call. We will be giving you all the breakdowns, splits, and compositions in our quarterly calls and full-year calls. Today, we are just giving you the big picture. And for the big picture, that is as much detail as we are comfortable to give. Again, do not forget that we are talking about a five-year horizon. Tell me what your forecast was for the market two years ago – and let us split it into everything. What I am saying is that it is just not really relevant today. We will stay with the level of detail that we are comfortable to provide at the moment.

Olga Naidenova – Sinara Bank

Am I correct in assuming that potential M&A deals will be more cost-intensive and may include companies that will be heavier from a cost perspective, and this prevents you from forecasting costs at a lower level?

Artem Zheleznov – Head of Strategy

Thank you for the question. Let me say that through M&As, we aim for growth, and growing companies have smaller profit margins as compared to mature companies. That will be my answer, as we do not comment on our M&A pipeline at all. Thank you.

Anatoly Poluboyarinov – Smartlab (question submitted in writing)

Last year, the conversation was that hiring for the Finuslugi project was completed, and the overall view was that company's focus was no longer on that area. What has changed this year, if anything?

Anton Terentiev – Head of Investor Relations

There are two factors regarding the Finuslugi development: first, it is the team that works on new products and services, and second, it is marketing. Indeed, a year ago we completed the hiring. We brought our team together, and it started working on new products and services. We connected many new banks and insurance companies, launched a lending franchise, started selling OTC bonds, etc. Also, we made a lot of new improvements in insurance and deposit services, so the team was really working and delivering. As for the marketing, we did put it on hold for a period. But if you look at our quarterly results this year, we have been re-initiating our marketing. Today, we are bringing this project and associated services back into the spotlight using marketing tools. So, marketing is back there.

Anatoly Poluboyarinov – Smartlab (question submitted in writing)

Has Finuslugi turned profitable or not?

Anton Terentiev – Head of Investor Relations

Last time we spoke about it, it was our full year 2021 results call, we said that we expected Finuslugi to reach breakeven over the next several years. We have not had these several years since that point, and today I can tell you that we expect Finuslugi to go breakeven or maybe do better than that over the strategic horizon.

Anatoly Poluboyarinov – Smartlab (question submitted in writing)

Do you have an EBITDA margin target for your Finuslugi business?

Anton Terentiev – Head of Investor Relations

The answer is no. We do not really provide an EBITDA guidance for the entire company, and this means we do not do that for separate divisions either. But if you want to get a high-level picture of what margins look like for the entire company, you have our cost to income ratio – if you work around your model, it will give you a nice hint of the EBITDA margin. These are figures that go one into another.

Anatoly Poluboyarinov – Smartlab (question submitted in writing)

When you talk about a substantial market cap growth, can you give us a figure?

Anton Terentiev – Head of Investor Relations

The figure that we internally have and the BHAG that Mikhail was talking about is RUB 700 billion based on the net profit target and recovery of multiples. Historically, we had P/E in the range of 10 to 15. There were moments when we had it at 17. Even if it goes to 11, that is already RUB 700 billion.

Dmitry Bagrov – PFL Advisors (question submitted in writing)

You said that you expected RUB 65 billion towards 2028. Does that mean the figure is unachievable earlier?

Anton Terentiev – Head of Investor Relations

No, it does not mean that.

Dmitry Bagrov – PFL Advisors (question submitted in writing)

How do you explain this mean reversion in multiples, especially given that we are now in a period of a higher cost of capital, higher WACC? Do you think the cost of capital and corresponding discount rates will come down in the long term? Or do you think that higher growth rates should translate into higher multiples?

Anton Terentiev – Head of Investor Relations

Both factors Dmitry has outlined, that is normalisation of interest rates and higher growth rate of F&C income, should lead to a higher level of a fair multiple. If you look at our current trailing P/E, which is the market cap divided by the last 12 months' profit, you will see that it is not so much lower than 10. So why not 11? I guess this is very much doable.

Evgeny Kipnis – Alfa Bank (question submitted in writing)

This is the first time in your public history that you have given hard commitment on the level of net income, and you actually expect a substantial growth of net income from the levels of 2022-2023. Given the current assumptions and inputs on the growth of fees and commissions and costs, we are not getting to this figure. Should we assume your model implies NII to the level of 45–50% of revenues every year? Or should we factor in some other factors like M&A that the market does not see at this stage?

Anton Terentiev – Head of Investor Relations

We have touched upon that when answering a question about potentially providing more details. Today, we are not giving more details. We are talking about a big picture view and a broader outlook for the next five years. If we go back two years, show me a person who correctly forecasted the state that we are in today. Therefore, it will be counterproductive to dive into details. We will do that when we meet for our quarterly financials. We always provide splits of costs, fees and everything. Today is about a big picture view, and we are not comfortable diving into too much detail.

Evgeny Kipnis – Alfa Bank (question submitted in writing)

Do you have any obstacles or limitations in raising money from NSD? Should we factor this in for our dividend expectations of 2023 and beyond?

Anton Terentiev – Head of Investor Relations

The situation with NSD is something we cannot provide an outlook for. The decision will have to be made with all the details on the table. Once we get all the details, we can make the decision. It will be a game day decision so to speak.

Fedor Naumov – PFL Advisors (question submitted in writing)

According to today's disclosure, the Board of Directors adopted a new management incentive program. How will it be structured? What is the key KPI and capitalization?

Artem Zheleznov – Head of Strategy

We spoke about the internal targets for market capitalization for the management today. These targets are the basis for the long-term incentive program for the management.

Dmitry Bagrov – PFL Advisors (question submitted in writing)

How will you balance between the desire to achieve market capitalization at the level of 700 billion rubles and the desire to pay out more dividends?

Anton Terentiev – Head of Investor Relations

We have a policy to pay out 100% of free cash flow that is not needed for growth and to meet regulatory requirements. Market capitalization is based on earnings and multiples. I don't think there is any contradiction here.

Artem Zheleznov – Head of Strategy

Let me remind you that we have a total shareholder return formula, which is the growth of market capitalization plus the dividend yield. This establishes the total shareholder return which should be applied to the financial model and dividend policy we discussed during our today's conversation.

Fedor Naumov – PFL Advisors (question submitted in writing)

Does the Group have excessive capital, what is its size and how do you plan to use it?

Anton Terentiev – Head of Investor Relations

This was one of the first question in this session. I said that at this stage we could not give you the level of capital required for the Group. Therefore, calculation of the excessive capital is not possible. We started with referring to the disclosure we had at the beginning of 2022, which is still on our website, where we had a figure for the required capital for all the three key companies of the Group. What we can tell you today is that this requirement has gone up. This is as much detail as we can provide at the moment.

Thank you, everybody, for your great questions. I think at this stage we will call it a day. I hope we are successful with our strategy. Thank you for your interest and so many good questions.