

Payment in shares of the 2021 final dividend

Questions & Answers

1) What is a share-based payment of dividends?

The dividend (or interim dividend or final dividend) can be paid in several ways.

It is usually paid in cash but the dividend can also be paid in new shares or even in kind if the General Meeting (Shareholders' Meeting) so decides.

The shareholder has a choice between a payment in new shares and a payment in cash, subject to **being eligible for the payment of the dividend in shares**.

Once the option is exercised, it applies for all of the dividend to which the shareholder is entitled. It is therefore impossible to ask for payment of the dividend partly in shares and partly in cash.

If a shareholder chooses the payment of the dividend in shares, he or she receives a round number of shares, with an adjustment in cash if necessary.

2) Is payment of the dividend in shares only offered for the 2021 final dividend?

The Combined Shareholders' Meeting of 12 May 2022 approved the principle of the dividend being paid in new shares for the final dividend paid in respect of the 2021 financial year and for the interim dividends which may be decided in respect of the 2022 financial year. The Board of Directors is responsible for deciding how it will be implemented.

This document only deals with the final dividend paid in respect of the 2021 financial year.

3) Why does EDF offer the option of payment of the final dividend in shares?

At the Shareholders' Meeting of 12 May 2022, and in accordance with Article 25 of EDF's articles of associations, the shareholders gave powers to the Board of Directors to implement the payment of the final dividend with the option to choose between a payment in cash or in new shares.

The payment in shares of the final dividend has a significant interest for EDF in terms of cash and equity if this option is retained by shareholders.

Shareholders who choose to reinvest the final dividend in the company contribute to supporting EDF's future investments and corporate projects.

It also allows shareholders to increase their participation under advantageous conditions as they usually receive a discount.

4) What is the issue price of these new shares and how was it determined?

The issue price of new shares is €7.44. It corresponds to:

The average of the opening market prices of EDF's shares during the twenty trading days prior to the Board of Directors' decision	€8.5454
Less the final dividend attached to this share	- €0.28
Subtotal	€8.2654

Less a discount of 10%	- €0.8265
Issue price per share (rounded up to the nearest euro cent)	€7.44

If the amount for which the option is exercised does not correspond to a whole number of shares, the shareholders receive the nearest lowest number of whole shares, plus cash compensation for the difference (see below).

5) Are there conditions to be met in order to opt for the final dividend to be paid in shares?

In accordance with Article 25 of EDF's articles of association and in the absence of a Shareholders' Meeting decision to the contrary, when the amount of the dividend does not correspond to a whole number of shares, shareholders receive the number of shares rounded down to the nearest whole number, plus a balancing payment in cash.

Therefore, as subscription for the payment in shares rounds down to the nearest whole number, **only shareholders owning at least 27 shares or more may choose to receive payment of the final dividend in shares**. The minimum number of shares depends on the shareholder's tax situation and the rules established by his or her financial intermediary.

Shareholders residing outside France should inquire, by themselves, about the conditions relating to this option, and which may apply under the law in force in their place of residence.

This option is available to all shareholders residing in a member country of the European Union or in countries party to the Agreement on the European Economic Area (EEA).

The option to receive the final dividend in new shares is not available to shareholders residing in the United States of America, Japan, Canada, Australia or in any country where this option would require authorisation, registration, filing or any other formality with local authorities. Therefore, orders from these countries will not be accepted. Shareholders residing outside France should inquire about whether local restrictions apply and comply with these restrictions.

6) How do shareholders find out how many shares they can subscribe and how is this number calculated?

The form obtained by shareholders from the financial intermediary states the number of shares they can subscribe.

For administered registered shareholders or bearer shareholders, this number is calculated on the basis of the gross final dividend (i.e. €0.28/share).

For pure registered shareholders, depending on the option chosen, this number is calculated on the basis of the gross final dividend or the net final dividend, i.e. less social security contributions and withholding tax (see next question).

Example for a shareholder who owns 100 shares and is therefore entitled to the 2021 gross final dividend of $100 \times €0.28 = €28$:

- If the shareholder is an administered registered shareholder or a bearer shareholder, he/she will receive the rounded down number of $28 / €7.44$, i.e. 3 shares, plus a balancing cash adjustment. His/Her bank will also deduct from his/her current account the amount corresponding to the social security contributions and tax.
- If the shareholder is a pure registered shareholder and has opted for the final dividend to be paid on a gross basis, he/she will receive the same number of shares as above and must pay BNP Paribas Securities Services the amount corresponding to the social security contributions and tax.
- If the shareholder is a pure registered shareholder and has opted for the final dividend to be paid on a net basis, he/she will receive the rounded down number of $28 \times [1 - (17.2\% + 12.8\%)] / €7.44$, i.e. 2 shares, plus a balancing cash adjustment.

7) How does the withholding tax work for shareholders who are natural persons?

The terms and conditions for the deductions (non-discharging withholding tax, withholding tax, social security contributions) are identical, whether the final dividend is paid in shares or in cash, i.e.

- **in the case of a pure registered shareholding**, the non-discharging withholding tax or the withholding tax, as well as any applicable social security contributions, are deducted directly by the account holder from the amount of the final dividend, under the same conditions as for a payment in cash.

The deductions are calculated on the amount of the gross dividend according to the shareholder's tax situation. The payment of the final dividend in shares is possible up to the gross final dividend less the deductions.

In particular, for French tax residents who are natural persons, payment of the final dividend in shares will be possible up to:

- 100% of the gross final dividend, provided that you pay in full the 17.2% social charges and the 12.8% mandatory levy if you have not asked to be exempted from paying the latter;
 - 82.8% of the gross final dividend, including a 17.2% deduction for social charges, if you have asked to be exempted from paying the 12.8% mandatory levy;
 - 70% of the gross final dividend, including a 17.2% deduction for social charges and the non-definitive 12.8% mandatory levy.
- **in the case of a bearer or administered registered shareholding**, the shareholders must directly contact their account-holding financial intermediary, who alone can advise them regarding the deductions to be made.

In general, shareholders are advised to consult with their tax advisers for specific information relating to their situation (including the case of shares held under a Share Savings Plan).

8) In respect of the share-based payment of final dividends, will the shareholder benefit from the 10% dividend increase if he/she hold his/her EDF shares in registered form?

Under Article 24.2 of EDF's articles of association, any shareholder who holds his shares in registered form for at least two years and still holds them at the date of payment of the dividend, will receive in respect of such shares a bonus equal to 10% of the dividend paid in respect of the other shares, including any dividend which is paid in new shares.

However, **the dividend bonus is paid at the date of payment of the final dividend**. In the case of payment of the interim dividend, there will be no bonus.

9) When must shareholders choose their payment option?

As soon as they receive the form from their bank, which will be mailed out starting 20 May 2022.

To indicate their choice, shareholders must simply return the completed and signed form, but only if they wish to opt for share-based payments (some financial intermediaries offer shareholders the option of making their choice online).

10) Is there a deadline for making the choice?

Yes. Shareholders may opt for the payment of the final dividend in new shares between 20 May and 7 June 2022 inclusive.

Subsequent to regulatory changes and the harmonisation of European standards on the payment process for optional dividends, **the date of the end of the option period may vary from one financial intermediary to the next**.

For **pure registered shareholders**, BNP Paribas Securities Services, as the institution in charge of the securities service of the EDF company, has set this date at **3 June 2022 at the latest** in order to supervise and centralise the responses of pure registered shareholders.

Administered registered shareholders or bearer shareholders are advised to check the deadline for exercising their option with their financial intermediary.

Any forms received after the date of the end of the option determined by the financial intermediary, regardless of the reason, shall not be taken into consideration, and the shareholder shall automatically receive their final dividend in cash.

When responding by post, the shareholder must take **postal delivery times** into account.

11) Once the choice has been made to receive the final dividend in new shares and has been communicated to his financial intermediary, can the shareholder change his option?

NO: Once the shareholder has informed his financial intermediary of his choice, he cannot reconsider his decision.

12) Is the choice that shareholders are making this time also valid for future transactions?

NO: If the option to receive payment in shares of all or part of the dividend is offered again in the future, persons who are EDF shareholders will be asked again to indicate their preference.

13) What is the deadline for becoming an EDF shareholder in order to receive the final dividend and to make the choice to receive payment in shares?

Usually, to receive a dividend on a share, you must have acquired it by the close of markets which precedes the day on which the coupon is detached. For payment of the final dividend with the option in shares, the dividend is detached on the second trading day before the shareholder's option period.

With regard to the 2021 final dividend, the detached date (the "ex date") is 18 May 2022 and so you must have purchased your EDF shares by the close of trading on 17 May 2022. The shareholder's option period start on 20 May 2022.

14) When do shareholders become full owners of these new shares?

The new shares will be delivered on 13 June 2022 to the financial institutions, who will then credit the shares to the accounts of the shareholders concerned. They are immediately available. The new shares will be issued with immediate dividend rights and will confer the same rights ("jouissance courante") and restrictions as existing common shares, as described in the Company's articles of association and the 2021 Universal registration document available on the Company's website.

15) What is the tax treatment on this transaction?

The tax treatment applicable to dividends paid have changed in recent years.

For natural persons who are tax residents of France, dividends paid as of 1 January 2022 are subject, according to the choice made by the taxpayers every year, either to the single flat-rate tax set at 30%, or to the progressive income tax scale, to which are added the social security contributions on investment income at an overall rate of 17.2%.

To find out more about this tax system, shareholders can consult visit impots.gouv.fr.

16) Can the bank charge shareholders a fee when they choose payment of the dividend in shares?

Payment of a dividend, whether in cash or in shares, to shareholders residing in France is usually not subject to a fee by a retail bank¹. In particular, there are no fees on reinvesting a dividend paid in shares.

¹There is no fee payable by shareholders, unless their financial institution specifies in its financial terms and conditions that a fee is due by the customer:

- on cash payments (payment of the dividend in cash or payment of the difference in cash where share-based payment is selected, with the option of rounding down to the nearest whole number);
 - on transfers (payment of the difference where share-based payment is selected, with the option of rounding up to the nearest whole number).
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