

**Information materials and comments  
on issues presented for review of the  
Extraordinary General Shareholders' Meeting  
of Mobile TeleSystems Public Joint-Stock Company  
September 30, 2021**

<b>Initiator of review of all agenda issues of the Extraordinary General Shareholders' Meeting of MTS PJSC</b>	<b>Viewpoint of the Board of Directors on agenda items of the Extraordinary General Shareholders' Meeting of MTS PJSC</b>
<b>Board of Directors of MTS PJSC</b>	<b>Vote "IN FAVOR"</b>

**On the first Agenda item:**

On distribution of MTS PJSC profit (payment of dividends) according to the results for the first half of 2021.

The recommended amount of the dividend payments shall be defined by the Board of Directors of MTS PJSC based on the financial results of MTS PJSC. In accordance with Point 2.5 of the Dividend Policy Regulations, MTS PJSC is making efforts to pay at least RUB 28 of dividends per ordinary share in 2019, 2020 and 2021 calendar years by means of two semi-annual payments.

Pursuant to the financial reporting figures for the first half of 2021, on July 29, 2021 the Board of Directors of MTS PJSC decided to convene an Extraordinary General Meeting of Shareholders of MTS PJSC and include in the Agenda of the meeting the issue on payment of MTS interim dividends based on the results of the first half of 2021. The Board of Directors recommended to the Extraordinary General Meeting of Shareholders to adopt the resolution on the payment of the annual dividends on MTS PJSC ordinary registered shares for the first half of 2021 in the amount of RUB 10.55 per ordinary registered share.

The total amount of dividends based on the performance in the first half of 2021 shall amount to RUB 21,082,925,616,25. The annual dividends shall be paid in cash.

The General Meeting shall approve the date by which the list of individuals eligible to receive the dividends shall be defined. According to the law, this date shall fall between the tenth and the twentieth days after the decision on paying the dividends is adopted (announced).

The Board of Directors of MTS PJSC recommended that dividends be paid to eligible persons by October 12, 2021.

*Therefore, with consideration of the dividends paid for 2021, which was effected in July 2021, the total sum of dividends paid by MTS PJSC in 2021, amounted to RUB 37.06 per one ordinary registered share of MTS PJSC.*

**Procedure for adoption of the resolution:**

The decision shall be made by a simple majority (more than a half) of votes of shareholders holding the Company's voting shares, who participate in the General Meeting of Shareholders.

***Draft resolution:***

To approve of distribution of profit (payment of dividends) on MTS PJSC ordinary registered shares upon the 1st half year 2021 results in the amount of RUB 10.55 per one MTS PJSC ordinary registered share with a par value of RUB 0.1 each. The total amount of MTS PJSC dividends on the results of the 1st half year 2021 shall be RUB 21,082,925,616.25. The dividends shall be paid in cash. To determine the date on which the persons entitled to receive dividends are defined – on October 12, 2021.

**On the second Agenda item:**

On MTS PJSC membership in non-profit organizations.

The issue of MTS PJSC participating in the association of commercial organizations shall be proposed for approval by the General Meeting of Shareholders non-commercial organization 5G Future Forum.

In accordance with paragraphs 27.1 (30) of the charter of MTS PJSC, the issue of the Company's participation in financial and industrial groups, associations and other associations of commercial organizations is referred to the competence of the General Meeting of Shareholders of MTS PJSC.

**Goal:**

Establishing an MTS network infrastructure based on the standard 5GFF MEC specifications to facilitate the entry on the Russian market of new 5G/MEC based products, as well as taking part in joint projects with participation of world industry leaders.

**Tasks:**

- join working groups and obtain relevant specifications for development of MEC network architecture of MTS;
- obtain access to specifications that have been developed earlier;
- through funding of 5GFF, implement research projects necessary for development of the innovation MEC-based 5G network infrastructure;
- participation in joint projects together with 5GFF members, attract international clients thanks to a joint infrastructure designed as a single architecture based on the specifications being developed.

Procedure for adoption of the resolution:

The decision shall be made by a simple majority (more than a half) of votes of shareholders holding the Company's voting shares, who participate in the General Meeting of Shareholders.

**Draft resolution:**

Adopt a resolution on participation of MTS PJSC in the non-commercial organization 5G Future Forum.

**On the third Agenda item:**

On MTS PJSC reorganization.

3.1. On reorganization of MTS PJSC in the form of spin-off of TIC LLC from it.

3.2. On reorganization of MTS PJSC in the form of spin-off of MWS-1 LLC from it.

3.3. On reorganization of MWS-1 LLC established by reorganization as a spin-off from MTS JSC in the form of a merger with MWS JSC.

**Rationale of the terms and procedure for reorganization of MTS PJSC as a spin-off TIC LLC from it.**

The Board of Directors of Mobile TeleSystems PJSC ("MTS" or "the Company") has recommended for shareholder approval the separation of the Company's antenna mast structures (towers), number of which is estimated as some 23,000 units by year-end 2021, into a wholly-owned legal entity, Tower Infrastructure Company Limited Liability Company (TIC LLC). The spun-off TIC LLC would have the largest portfolio of antenna mast structures in Russia and one of the largest in Europe, making it a potentially attractive business for sector-specific investors.

Globally, tower companies are valued at EV/EBITDA multiples significantly higher than mobile network operators (MNOs), including in emerging markets (e.g. 10-17x EV/EBITDA for tower companies versus 3-6x EV/EBITDA for mobile operators). The sale of tower assets by MNOs has in many cases led to higher market capitalization due to this difference in valuation multiples.

If MTS's tower assets were to be monetized, the Company could gain additional proceeds that could be used to reduce debt and/or further invest in the development of MTS's digital ecosystem.

Moreover, with the largest tower footprint in Russia, TIC LLC could become a partner of choice for other MNOs for network equipment installation. Increasing tower tenancy could enable TIC LLC to grow incremental revenue and further drive business performance. At the same time, MTS would retain the necessary tools to maintain its leading position in the Russian MNO market.

MTS PJSC will be the only participant holding 100% of the share in the authorized capital of TIC LLC as created upon the spin-off as of the spin-off date.

**Rationale of the terms and procedure for reorganization of MTS PJSC in the form of spin-off of MWS-1 LLC carried out simultaneously with the merger of MWS-1 LLC with MWS JSC.**

MTS PJSC plans to allocate cloud and infrastructure assets to be transferred to MTS Web Services Joint Stock Company (hereinafter – MWS JSC). Creation of a large vertically integrated infrastructure company is a response to the current global trends.

First, the market for cloud products and services is growing globally being one of the most promising in terms of volume, growth rate and profitability level. Second, there is a boom in investment in infrastructure development in connection with 5G, network virtualization, edge computing, growing demand for data centers and developing “Smart Cities” projects. They are aimed at meeting the demand for products that require high processing power and low expenses.

World experience shows that in the current conditions, when the infrastructure requires constantly growing capital investments, the outsourcing model becomes effective. It allows the operators to reduce construction costs and optimize Capex (capital expenditure). Similar trends are emerging in Russia. Herewith, an active investment cycle in the areas of edge cloud and infrastructure outsourcing is at the very beginning. Company launch at an early development stage of the infrastructure services market will allow MTS PJSC, which has a huge technological and human potential in this area, to create a powerful platform, take leadership and create conditions for increasing the company's market value.

Once the reorganization of MTS PJSC in the form of spin-off of MWS-1 LLC carried out simultaneously with the merger of MWS-1 LLC with MWS JSC is terminated, MTS PJSC will be the sole shareholder of MWS LLC. Thus, as a result of the reorganization, a part of MTS PJSC business will be transferred to MWS JSC, 100% MTS PJSC subsidiary. The specified ownership structure will ensure the control of MTS PJSC over the standalone business area.

MTS PJSC Board of Directors considers it rational and worthwhile to initiate reorganization of MTS PJSC in the form of spin-off of TIC LLC from it and reorganization of MTS PJSC in the form of spin-off of MWS-1 LLC carried out simultaneously with the merger of MWS-1 LLC with MWS JSC. The Board of Directors of MTS PJSC proposed to the extraordinary General Meeting of Shareholders to make a decision:

- On reorganization of MTS PJSC in the form of spin-off of TIC LLC from it.
- On reorganization of MTS PJSC in the form of spin-off of MWS-1 LLC from it.
- On reorganization of MWS-1 LLC established by reorganization as a spin-off from MTS JSC in the form of a merger with MWS JSC.

*Extract from the Minutes of MTS PJSC Board of Directors meeting on the item of determination the price of buy out of MTS PJSC shares; Rationale of the terms and procedure for the reorganization of MTS PJSC in the form of spin-off of TIC LLC; Rationale of the terms and procedure for the reorganization of MTS PJSC in the form spin off of MWS-1 LLC from it, carried out simultaneously with the merger of MWS-1 LLC with MWS JSC; Draft of the Deed of Transfer of MTS PJSC, reorganized in the form of spin off of TIC LLC from it; Draft of the Deed of Transfer of MTS PJSC, reorganized in the form of spin-off of MWS-1 LLC, carried out simultaneously with the merger of MWS-1 LLC with MWS JSC; Draft Charter of TIC LLC; Draft Charter of MWS-1 LLC; Draft Agreement on the merger of MWS-1 LLC to MWS JSC are attached.*

Procedure for adoption of the resolution:

The decisions shall be made only by qualified majority (three fourth) of votes of shareholders holding the Company' voting shares, who participate in the General Meeting of Shareholders.

**Draft resolution:**

**3.1. On reorganization of MTS PJSC in the form of spin-off of TIC LLC from it.**

3.1.1. To reorganize Mobile TeleSystems Public Joint Stock Company (PSRN 1027700149124) (hereinafter referred to as the Company, MTS PJSC) in the form of spinning off the Tower Infrastructure Company Limited Liability Company (hereinafter referred to as TIC LLC) under the following terms and conditions:

- 1) To approve the full name of the spun-off (established) company in Russian: Общество с ограниченной ответственностью «Башенная инфраструктурная компания», abbreviated name in Russian – ООО «БИК»;
- 2) Full name in English: “Tower infrastructure company Limited Liability Company”, abbreviated name in English: TIC LLC;
- 3) Location of TIC LLC: Russian Federation, Moscow;
- 4) Address of TIC LLC indicated in the Unified State Register of Legal Entities: Room 3, 3<sup>rd</sup> fl., bldg. 60, Detsky gorodok “ZIL”, Lytkarino, Moscow region, 140080, Russian Federation;
- 5) Size of the TIC LLC authorized capital – 25,000,000 (twenty five million) rubles;
- 6) Person performing the functions of the sole executive body of TIC LLC – CEO Alexander Vladimirovich Teremetskiy (passport of a citizen of the Russian Federation XXX issued XXX, subdivision code XXX, Taxpayer Identification Number XXX);
- 7) The Board of Directors of TIC LLC is not formed and its functions in accordance with the charter of TIC LLC are carried out by the General meeting of TIC LLC participants.

- 3.1.2. To approve the Charter of TIC LLC (Annex 1).
- 3.1.3. To approve the spin-off procedure and conditions, including the coefficient (procedure) for the distribution of shares:
  - The authorized capital of TIC LLC will be formed at the expense of the own funds of the Company, from which the spin-off is carried out, being the funds of MTS PJSC;
  - To determine that MTS PJSC (PSRN 1027700149124), the par value of whose 100 percent share in the authorized capital of TIC LLC will be 25,000,000 (twenty five million) rubles, becomes the sole participant of TIC LLC as a result of the reorganization of MTS PJSC in the form of spinning TIC LLC off.
- 3.1.4. To determine that MTS PJSC performs the following measures in accordance with the established procedure:
  - Notifies in writing the authorized state body performing state registration of legal entities of the beginning of the reorganization procedure, indicating the form of reorganization, within 3 (three) business days after the resolution on reorganization is adopted;
  - After an entry on the commencement of the reorganization procedure has been made to the Unified State Register of Legal Entities, MTS PJSC shall publish a notice of reorganization twice, at monthly intervals, in mass media outlets publishing information on the state registration of the legal entities, on behalf of all the companies involved in the reorganization.
- 3.1.5. To approve the deed of transfer of MTS PJSC reorganized by spin-off of TIC LLC from it (Annex 2).

### **3.2. On reorganization of MTS PJSC in the form of spin-off of MWS-1 LLC from it.**

- 3.2.1. To restructure Mobile TeleSystems Public Joint Stock Company (OGRN 1027700149124) (hereafter the Company or MTS PJSC) by spinning off MTS Web Services-1 Limited Liability Company (hereafter MWS-1 LLC) simultaneously with the restructuring of MWS-1 LLC via a merger into MTS Web Services Joint Stock Company (OGRN 1217700367026) (hereafter MWS JSC) on the following terms and conditions:
  - 1) Approve the full name of the spun off (created) company: MTS Web Services-1 Limited Liability Company, short name MWS-1 LLC;
  - 2) The location is Moscow, Russian Federation;
  - 3) MWS-1 LLC's charter capital is 5,000,000 (five million) rubles;
  - 4) The person performing the functions of the sole executive body of MWS-1 LLC is General Director Egorov Igor Alfridovich (passport of a citizen of the Russian Federation XXX issued XXX, subdivision code XXX, Tax Identification Number XXX).
- 3.2.2. Approve MWS-1 LLC's charter (Annex 3).
- 3.2.3. Approve the spin off procedure and conditions, including the ratio (procedure) for distributing shares:
  - MWS-1 LLC's share capital will be created from the funds of the Company from which it is being spun off (retained profit from previous years);
  - Determine that as a result of the restructuring of MTS PJSC by spinning MWS-1 off from it, MTS PJSC (OGRN 1027700149124) becomes the sole shareholder in MWS-1 LLC, and the nominal value of its 100% stake in MWS-1's charter capital is 5,000,000 (five million) rubles.
- 3.2.4. Determine that MTS PJSC will do the following in accordance with the established procedure:
  - Within 3 (three) business days of adopting the resolution to restructure, notify in writing the authorised state body responsible for state registration of legal entities of the commencement of the restructuring procedure, indicating the form of restructuring;
  - Having made an entry in the Unified State Register of Legal Entities about the commencement of the procedure for restructuring MTS PJSC, publish twice (once per month), in the mass media where data on the state registration of legal entities is published, notification of the restructuring on behalf of all of the companies being restructured.
- 3.2.5. Approve the Transfer Deed of MTS PJSC, which is being restructured by spinning off MWS-1 LLC, which is happening simultaneously with the merger of MWS-1 LLC into MWS JSC (Annex 4).
- 3.2.6. This resolution on restructuring takes effect only if participants at the General Meeting of Shareholders of MTS PJSC resolve to simultaneously merge MWS-1 LLC, which was created via the spin off, into MWS JSC.

### **3.3. On reorganization of MWS-1 LLC established by reorganization as a spin-off from MTS JSC in the form of a merger with MWS JSC.**

- 3.3.1. To restructure MTS Web Services-1 Limited Liability Company (hereafter MWS-1 LLC), which was created via a spinoff from Mobile TeleSystems Public Joint Stock Company (OGRN 1027700149124) (hereafter MTS PJSC), in the form of a merger into MTS Web Services Joint Stock Company (OGRN 1217700367026) (hereafter MWS JSC).
- 3.3.2. Approve the Agreement to merge MWS-1 LLC into MWS JSC (Annex 5).

- 3.3.3. Authorise MTS PJSC President Vyacheslav Konstantinovich Nikolaev to sign the Agreement to merge MWS-1 LLC into MWS JSC on behalf of MWS-1 LLC.
- 3.3.4. Approve the Deed of Transfer of MTS PJSC, which is being restructured by spinning off MWS-1 LLC, which is happening simultaneously with the merger of MWS-1 LLC into MWS JSC (Annex 4). Determine that the rights and obligations of MTS PJSC specified in the Deed of Transfer are transferred to MWS JSC by way of legal succession.
- 3.3.5. Determine that MTS PJSC will do the following in accordance with the established procedure:
  - Within 3 (three) business days of adopting the resolution to restructure, notify in writing the authorised state body responsible for state registration of legal entities of the commencement of the restructuring procedure, indicating the form of restructuring;
  - Having made an entry in the Unified State Register of Legal Entities about the commencement of the procedure for restructuring MTS PJSC, publish twice (once per month), in the mass media where data on the state registration of legal entities is published, notification of the restructuring on behalf of all of the companies being restructured.

**On the fourth issue of the agenda:**

On approval of the revised Regulations on MTS PJSC Board of Directors.

The existing revision of the Regulations on the Board of Directors of MTS PJSC was approved by the decision of the Extraordinary General Shareholders' Meeting of MTS PJSC on February 15, 2021.

The proposed amendments to the Regulation on the Board of Directors of MTS PJSC are aimed at increasing the level of corporate governance of MTS PJSC, as well as improving the procedures and practices of corporate governance in terms of regulating conflicts of interests of MTS PJSC Board of Directors members.

The Board of Directors of MTS PJSC recommended to approve the Regulations on the Board of Directors of MTS PJSC, as amended.

*The draft Regulations on the Board of Directors of MTS PJSC as amended and the table of amendments made to the Regulation on the Board of Directors are attached.*

Procedure for adoption of the resolution:

The decision shall be made by a simple majority (more than a half) of votes of shareholders holding the Company's voting shares, who participate in the General Meeting of Shareholders.

***Draft resolution:***

Resolved that Regulation on the Board of Directors of MTS PJSC, as revised, be approved (Annex 6).