

Appendix # ____

to the Minutes ____ of MTS PJSC Board
of Directors meeting

_____, 2021

RATIONALE

of the terms and procedure for reorganization of Mobile TeleSystems Public Joint Stock Company (MTS PJSC) as a spin-off of Limited Liability Company “Tower infrastructure Company” (LLC “TIC”) 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) into a wholly-owned legal entity, Limited Liability Company “Tower Infrastructure Company” (“LLC “TIC”). The spun-off LLC “TIC” would have the largest portfolio of antenna mast structures in Russia and one of the largest in Europe as a whole — estimated to number some 23,000 units by year-end 2021 — 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 client-facing digital ecosystem.

Moreover, with the largest tower footprint in Russia, LLC “TIC” could become a partner of choice for other MNOs for network equipment installation. Increasing tower tenancy could enable LLC “TIC” 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 LLC “TIC” as created upon the spin-off as of the spin-off date.

Considering the above, the Board of Directors of MTS PJSC finds it necessary and worthwhile to initiate reorganization of MTS PJSC in the form of spinning off LLC “TIC” from it.

As a result of the reorganization of MTS PJSC, LLC “TIC” created due to the spin-off will receive a part of the rights and obligations, as well as a part of the property, according to the deed of transfer. At the same time, the shareholders of MTS PJSC who vote against the decision to perform the reorganization at the extraordinary General Meeting of Shareholders of MTS PJSC or do not take part in the voting on this issue, according to Article 75 of the Federal Law “On Joint Stock Companies” No. 208-FZ dated December 26, 1995, may demand the buyout of the shares of MTS PJSC owned by them at the price established by the Board of Directors of MTS PJSC, but not lower than at their weighted average price as estimated based on the results of organized trading for six months preceding the date of the decision to hold the extraordinary General Meeting of Shareholders, the agenda of which includes the issue of reorganization.

If the total value of shares presented for the redemption exceeds 10% (ten percent) of the net assets of MTS PJSC, the shareholders' claims will be satisfied on a pro rata basis.

Basic terms and procedure for reorganization:

The following procedure and terms are proposed for the reorganization of MTS PJSC as a spin-off of LLC “TIC” from it:

- The General Meeting of Shareholders of MTS PJSC makes a decision to reorganize MTS PJSC in the form of spinning off LLC “TIC” from it.
- MTS PJSC, within 3 (three) business days after the decision to perform the reorganization is made, notifies the body in charge of state registration of legal entities of the beginning of the reorganization procedure in the form of spin-off.

- After the entry of the start of the reorganization procedure has been made into the unified state register of legal entities, MTS PJSC twice, with a monthly frequency, publishes a message on the reorganization in the media, where information on the state registration of legal entities is published.
- Lenders of MTS PJSC, if their rights arose prior to the publication of the notification of the reorganization of MTS PJSC, no later than 30 (thirty) days from the date of the last publication of the notification of the reorganization of the legal entity shall be entitled to a judicial procedure to claim for early performance of the relevant obligations of MTS PJSC, and if it is impossible to perform them early, for termination of the obligation and compensation for related losses, provided that the reorganized legal entity, its members or third parties did not provide sufficient security for the fulfillment of the relevant obligations.
- In the event of reorganization in the form of a spin-off, 100% of the share in the authorized capital of LLC "TIC", created upon spin-off, is allocated to MTS PJSC, i.e. MTS PJSC becomes the sole participant. The authorized capital of LLC "TIC" is 25 000 000 (twenty five million) rubles and is formed at the expense of MTS PJSC's own funds, namely, at the expense of MTS PJSC monetary funds. There is no reduction in the authorized capital of MTS PJSC as a result of the spin-off.
- MTS PJSC submits an application for state registration of a legal entity created through reorganization (LLC "TIC") to the registration authority at its location.
- MTS PJSC is considered reorganized from the moment when the entry of the state registration of LLC "TIC" is made in the Unified State Register of Legal Entities ("Reorganization Date").
- From the Reorganization Date, MTS PJSC will transfer a part of its property, rights, obligations and liabilities (assets and liabilities) related to its creditors and debtors, including the disputed rights and liabilities (where applicable), as well as taking into account the changes in the type, composition and value of the mentioned part of the property, rights, obligations and liabilities, MTS PJSC, which may occur after the date on which the deed of transfer was made, to LLC "TIC" according to the deed of transfer.

Some of the information above may contain projections or other forward-looking statements regarding future events, including our strategic priorities, announced restructuring initiative, which is subject to approval by the General meeting of MTS PJSC shareholders, and the initiative's potential benefits, or the future financial performance of MTS, as defined in the provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as "expect," "anticipate," "estimate," "intend," "will," "could," "may" or "might," and the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not undertake or intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the materials of the extraordinary General Meeting of MTS PJSC Shareholders on September 30, 2021 (the "EGM"), which the shareholders of MTS PJSC can familiarize themselves with in person at the office of MTS PJSC (including, to receive copies of all EGM materials) at the address: Marksistsskaya street 4, Moscow, Russian Federation on weekdays from 09.00 to 18.00 Moscow time from August 30, 2021 to September 30, 2021, or information (materials) that are not confidential or commercial secrets can be found on the MTS PJSC page (www.mts.ru and <http://ir.mts.ru>) on the Internet. MTS PJSC shareholders (and / or their duly authorized representatives) can familiarize themselves with information (materials) that are confidential and / or information constituting a commercial secret and receive copies of such materials at the MTS PJSC office, subject to the signing of a Confidentiality Agreement according to the standard MTS PJSC form. Information (materials) that are confidential information and / or information constituting a commercial secret is provided to persons receiving information (materials) in accordance with Art. 8.9 of the Federal Law "On the Securities Market", in electronic form at the request of such persons in the manner provided for in the Communication on the convocation of an extraordinary General Meeting of Shareholders, subject to the signing of a Confidentiality Agreement in the standard form of MTS PJSC. The terms of the Confidentiality Agreement are posted on MTS PJSC page (www.mts.ru and <http://ir.mts.ru>) on the Internet at <https://moskva.mts.ru/about/investoram-i-akcioneram/korporativnoe-upravlenie/predostavlenie-informacii-po-zaprosam-akcionerov>. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company's most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, governmental regulation of the telecommunications industries and other risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks. When forming an opinion on agenda items of the EGM, MTS PJSC shareholders are advised to carefully analyze the above materials and documents, including those provided in connection with the EGM, and it may be expedient, if the shareholders deem it necessary, to contact independent experts of their choice at their own expense for recommendations.