

As previously announced, recently introduced Russian Federal Law No. 114-FZ dated April 16, 2022, which came into force on April 27, 2022 (the “Delisting Law”), requires Russian companies to terminate their depository receipt programmes unless granted an exemption by the Russian Government Commission on Monitoring Foreign Investment (the “Governmental Commission”). Following MTS PJSC’s (the “Company” or “MTS”) application for such exemption, the Governmental Commission decided that MTS may retain its Depository Receipt Programme (the “Programme”) for the Company’s ordinary shares (the “shares”) until July 12, 2022 (inclusive). Accordingly, currently MTS’ shares’ trading outside of the Russian Federation in the form of depository receipts (the “receipts” or “depository receipts”) is stopped.

In light of the Governmental Commission’s decision, on June 9, 2022 MTS initiated the process for the termination of the Company’s Programme and the agreement pursuant to which the Programme has been operated, by sending a notice of termination to the Depository bank. Upon receipt of such notice from MTS, the depository bank under the Programme (the “Depository bank”) published an announcement on June 10, 2022 concerning the commencement of the Programme’s termination process.

Under the Programme, depository receipts will be converted into shares at a ratio of 1:2 (1 depository receipt evidences the right to 2 ordinary shares of MTS).

Nowadays, the ability to convert MTS depository receipts into shares and the allotment of the resulting shares to persons who hold the receipts depends on the structure through which the receipts are held.

1. The receipts are registered on the holder's account with a foreign broker (custodian), with no blocking sanctions imposed on the holders of the receipts, the broker (custodian) and nominee holders in the chain of nominal holding.

Conversion of the receipts is carried out under a usual procedure:

1.1. To convert depository receipts into shares, a holder of receipts will need to already have (or to open) a securities account with a Russian broker or custodian or with a foreign broker or custodian, which has a securities account of a foreign nominee holder with a Russian custodian. This account will be credited with the shares following their conversion from receipts.

1.2. The holder of the receipts will need to complete a securities transfer order without transfer of ownership (the “NCBO attestation form” or the “form”) and then send the completed form by email to the Depository bank at jpm.adr.settlements@jpmorgan.com. The relevant form can be found on the website of the Depository bank at <https://adr.com/drprofile/607409109>. The form should include the following details:

- in the field “Qty of DRs”, the holder shall indicate the quantity of depository receipts that shall be converted into shares;
- in the field “Foreign bank NSDR number”, the holder shall indicate the depositor’s code assigned to the broker or custodian by the National Settlement Depository (the “NSD”);

- in the field “Broker BIC Code”, the holder shall indicate the BIC code of the broker or custodian (similar to the SWIFT code of the broker or custodian, if it has one);
- in the field “Qty of Ordinary Shares”, the holder shall indicate the quantity of shares that will be acquired as a result of the depositary receipts’ conversion;
- in the field “For the Account of (30 digit account number)”, the holder shall indicate the account number / the subaccount of the receiver of shares at their broker or custodian, where the shares will be credited.

It is advisable for holders to contact their broker or custodian for instructions on how to complete the form.

1.3. Once the form has been submitted, the holders of depositary receipts should instruct their broker or custodian to surrender their receipts to the Depositary bank so that the depositary receipts can be converted into ordinary shares.

1.4. It is also necessary to ensure that the local broker or custodian gives matching instructions to receive ordinary shares into the receiver’s account.

1.5. The conversion fee is set by the Depositary bank at \$15 per conversion transaction and additional \$0.05 per converted depositary receipt. Please note that the broker, custodian and others involved in the process of converting depositary receipts may incur additional conversion fees.

1.6. Under the terms of the agreement with the Depositary bank, the conversion of depositary receipts into MTS ordinary shares shall be completed within 6 months after July 12, 2022 (the date fixed for the Programme’s termination by the Depositary Bank), i.e., by January 13, 2023.

1.7. Under the terms of the Programme, following the expiration of 6 months after July 12, 2022 (the date fixed for the Programme’s termination by the Depositary bank), the Depositary bank will endeavor to sell the shares represented by the depositary receipts that have not been cancelled as a result of the conversion. The resulting funds shall be held for the benefit of the depositary receipt holders (in proportion to the rights of each such holder and without liability to accrue interest). Please note that the current legislation of the Russian Federation contains a restriction on the sale of shares by the Depositary bank. The consequences of missing the 6-month deadline for applying for the conversion of depositary receipts are therefore not entirely clear. Persons intending to convert depositary receipts should independently assess the risks of the expiry of this 6-month period.

2. The receipts are held on the holder’s account with a foreign broker (custodian), with blocking sanctions imposed on the holder of the receipts, the broker (custodian) or the custodian in the chain of nominal holdings. In particular, the chain of nominal holding includes NSD.

At present, the conversion through a forced conversion mechanism cannot be initiated according to Russian Federal Law No. 319-FZ dated July 14, 2022 (the Law No. 319-

FZ). The deadline for submitting forced conversion applications expired on November 11, 2022.

MTS PJSC is not liable for possible refusal to carry out the Forced Conversion and the conversion period on already submitted applications. MTS PJSC cannot predict the probability of prolongation the period for applications submission for forced conversion.

3. The receipts are registered on the holder's account with a Russian broker (custodian), and the chain of nominal holding includes NSD.

Conversion is available through the automatic conversion mechanism.

In accordance with the Law No. 319-FZ, MTS sent a notification to CB “J.P. Morgan Bank International” (LLC)¹ on August 16, 2022 about the automatic conversion of depositary receipts. CB “J.P. Morgan Bank International” (LLC) and other Russian custodians were obliged to assist holders of depositary receipts whose rights were registered with the above depositories in obtaining their shares until September 5, 2022.²

MTS PJSC is not liable for the automatic conversion results.

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Holders of depositary receipts are recommended to pay attention to the following restrictions, which may affect them:

- a. MTS believes that there is a possibility of interpretation of the Delisting Law, as currently effective, according to which the holders of depositary receipts will not have the right to vote or receive dividends from July 13, 2022 and until the conversion of the depositary receipts into shares³. According to such interpretation, after conversion of the depositary receipts into shares, holders of shares thereby received will have the right to claim unpaid dividends within three (3) years from the date of the Company’s decision to pay them in the manner prescribed by Federal Law No. 208-FZ “On Joint Stock Companies” of December 26, 1995 and the Company’s Articles of Association for the receipt of unclaimed dividends.

In order to claim unpaid dividends, shareholders need to collect a set of documents (the information to be provided by shareholders and the list of documents are presented in Appendix 1). Documents drawn up in a language other than Russian must be translated into Russian with subsequent notarization of the translation. Shareholders may submit their documents by mail to the following address: Russian Federation, 129090, Moscow, Bolshoy Balkansky per. 20, building 1, JSC Reestr, either personally or by a representative by proxy by serving the

¹ The Depositary Bank in Russia until September 23, 2022

² The procedure for the automatic conversion of depositary receipts is prescribed by the decision of the Board of Directors of the Bank of Russia of 22 July 2022.

³ Please note that persons entitled to receive annual dividends on MTS’ shares for the year 2021 are determined as of July 12, 2022.

documents, signed by the shareholder, at the specified address in accordance with the client acceptance schedule posted on the Registrar's website (<https://www.aoreestr.ru/contacts/>).

If there are reasonable doubts about the completeness and/or reliability or insufficiency of the information specified in the application for the payment of dividends and the documents attached thereto, MTS PJSC has the right to refuse to pay the dividends to the respective person.

- b. The Central Bank of Russia (the "CBR") has instructed Russian custodians to maintain separate accounting for shares of Russian issuers until February 4, 2023 which were received as a result of the conversion of depositary receipts on depositary accounts of their holders and to limit transactions involving such shares. These measures do not apply to cases where the holder acquired depositary receipts before March 1, 2022.
- c. CBR has prescribed Russian custodians not to carry out operations on writing off securities acquired under transactions concluded after 1 March 2022 from accounts opened in Russian custodians to foreign custodians and from accounts opened in Russian custodians to foreign persons if this leads to a change in the chain of nominal holding of securities abroad. The ability to dispose of MTS shares through accounts with foreign brokers and/or custodians may thus be significantly restricted.
- d. When depositary receipts belonging to residents of foreign countries that imposed restrictive measures against Russia are converted into shares, the resulting shares are to be credited to an S-type depositary account for which restrictions on transactions will be imposed⁴.
- e. On June 6, 2022, the Office of Foreign Assets Control ("OFAC") of the United States ("U.S.") Department of the Treasury published guidance in relation to its Executive Order ("E.O.") 14066, E.O. 14068, or E.O. 14071 (collectively, "the E.O.s"), which prohibit U.S. persons from purchasing debt or equity securities issued by an entity incorporated in the Russian Federation. The OFAC guidance clarified that the conversion of depositary receipts into underlying local shares of non-sanctioned Russian issuers would not be considered a prohibited "new investment" in the Russian Federation under the E.O.s and is thus considered to be permitted under such E.O.s. Sales of such shares are also not prohibited under the E.O.s.

This document is prepared in a rapidly changing highly volatile regulatory environment and the information in this document is actual as on the November 17, 2022. This document does not constitute individual investment, financial or legal advice. This document is non-exhaustive and for information purposes only. The interpretation and implementation of

⁴ Requirements for opening C-type accounts and the underlying regime are determined by Decree No. 95 of the President of the Russian Federation dated March 5, 2022 "On Temporary Order of Obligations to Certain Foreign Creditors" and Decision of the Board of Directors of the CBR dated March 18, 2022 "On Establishing a Regime for C-type Accounts for Settlement and Execution (Transactions) for Performance of Obligations Named in Decree No. 95 of the President of the Russian Federation dated March 5, 2022 "On Temporary Order of Obligations to Certain Foreign Creditors".

applicable laws and regulations by relevant authorities, entities or individuals may differ from the interpretation and implementation described in this document and MTS should not be held liable for any consequences resulting from such different approach to interpretation and implementation. Holders of depositary receipts should make independent decisions on how to act in connection with the information in this document and, if necessary, contact and consult with their investment, legal and other advisors. We do not undertake or intend to update this document to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

Stages of termination of ADR Program

