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TENDER OFFER MEMORANDUM  
LLC “STREAM DIGITAL”

with respect to an invitation to tender for cash up to 57,705,102 issued and outstanding ordinary shares with a nominal value of 0.1 Russian ruble each (“Shares”) of PUBLIC JOINT STOCK COMPANY MOBILE TELESYSTEMS, as may be adjusted pursuant to this Tender Offer Memorandum, at a purchase price of 95.0 Russian rubles per Share

THE TENDER OFFER WILL EXPIRE AT 12:00 P.M., MOSCOW TIME,  
ON 6 SEPTEMBER 2024, UNLESS THIS TENDER  
OFFER IS EXTENDED (THE “EXPIRATION TIME”).

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.

THE TENDER OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED OR ON THE PURCHASER OBTAINING ADDITIONAL FINANCING. HOWEVER, THE TENDER OFFER AS SET OUT IN THIS TENDER OFFER MEMORANDUM IS SUBJECT TO IMPORTANT TERMS AND CONDITIONS, INCLUDING THE CONDITIONS LISTED UNDER “CERTAIN CONDITIONS OF THE TENDER OFFER.”

IF SHAREHOLDERS ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS TENDER OFFER MEMORANDUM OR THE ACTION THEY SHOULD TAKE, SHAREHOLDERS ARE ADVISED TO SEEK THEIR OWN FINANCIAL AND/OR LEGAL ADVICE IMMEDIATELY FROM THEIR STOCKBROKER, BANK, ATTORNEY, ACCOUNTANT, FUND MANAGER OR OTHER APPROPRIATE AND DULY AUTHORISED INDEPENDENT FINANCIAL AND/OR OTHER ADVISOR.

LLC “Stream Digital” (the “**Purchaser**”, “**we**”, “**our**” or “**us**”), a direct wholly owned subsidiary of Public Joint Stock Company Mobile TeleSystems (“**MTS**”), is inviting holders of the issued and outstanding Shares (including JPMorgan Chase Bank, N.A. (the “**Depository Bank**”), in its capacity as depository for the depository receipt programme in respect of the Shares) (the “**Shareholders**”, and each of them a “**Shareholder**”) to tender for cash up to 57,705,102 Shares (the “**Maximum Number of Shares**”), at a purchase price of 95.0 Russian rubles per Share (the “**Purchase Price**”) (or its equivalent in U.S. dollars, Euro, Chinese renminbi (CNY) or UAE Dirham, provided that the payment of the Purchase Price in U.S. Dollars, CNY or UAE Dirham is subject to confirmation by the Tender and Paying Agent), as applicable (each an “**Alternative Currency**”), based on the relevant exchange rate of the Central Bank of Russia (the “**CBR**”) effective on the date of the dispatch of the relevant Tender Instruction (as defined below) countersigned by the Purchaser to the email address of the relevant Shareholder (the “**Agreement Date**”), upon the terms and subject to the conditions set forth in this Tender Offer Memorandum and the forms of the tender instruction (the “**Tender Instruction**”) and execution and delivery instructions thereto available on the website [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer) (the “**Tender Offer**”). Capitalised terms not defined elsewhere in this Tender Offer Memorandum shall have the meanings ascribed to them in Section 15 “*Definitions*” hereof.

The following table provides information with respect to the Shares:

Description	Russian State registration No. / ISIN	Number of Shares Issued and Outstanding
Ordinary shares with a nominal value of 0.1 Russian ruble each	1-01-04715-A / RU0007775219	1,998,381,575 <sup>1</sup>

(1) Including Shares represented by depository receipts with ISIN US6074091090 (the “**ADRs**”) and treasury Shares held by MTS and its Subsidiaries.

**NO WITHDRAWAL RIGHTS**

The principal trading market for the Shares is Public Joint Stock Company Moscow Exchange MICEX-RTS (the “**Moscow Exchange**”). The Shares are traded on the Moscow Exchange under the symbol “**MTSS**”. On 6 August 2024, the closing price

(main trading session) per Share on the Moscow Exchange was RUB 221.0 (or 2.6 U.S. dollars, using the 84.9471 Central Bank of Russia Russian ruble / U.S. dollar exchange rate in effect as of the same date). The Shares are also included on the non-quotations section of the List of Public Joint Stock Company SPB Exchange under the symbol “MTSS”. Shareholders are urged to obtain current market quotations for the Shares.

The Purchase Price has been set in accordance with the approval granted by the Government Commission on Control for Effectuation of Foreign Investments in the Russian Federation (the “**Government Commission**”). The Purchase Price represents a cash discount of 126.0 Russian rubles or 57% with respect to the closing price (main trading session) per Share on the Moscow Exchange on 6 August 2024. Shareholders should note that the Purchase Price for the Shares will be paid in Russian rubles to Shareholders who are Russian citizens, other individuals permanently residing in Russia or legal entities incorporated in Russia (“**resident Shareholders**”) and in Russian rubles or any Alternative Currency (at the sole discretion of the relevant tendering Shareholder but subject to the terms and conditions set out herein and in a Tender Instruction, or as otherwise agreed between the Purchaser and the relevant Shareholder) at the CBR exchange rate in effect on the Agreement Date to Shareholders who are not resident Shareholders (“**non-resident Shareholders**”). The exchange rates between the Russian ruble and the Alternative Currencies are volatile. No assurance can be given as to the Russian ruble/relevant Alternative Currency exchange rate that will be in effect on the Agreement Date.

In accordance with the rules of the U.S. Securities and Exchange Commission (the “**SEC**”), the Purchaser may increase the number of Shares accepted for payment in the Tender Offer by no more than 2% of MTS’s issued share capital without amending or extending the Tender Offer.

The Tender Offer is addressed to the holders of Shares only. If your Shares are held by a broker, dealer, commercial bank, trust company or other nominee on your behalf, you must contact that institution in order to tender your Shares and request that your broker, dealer, commercial bank, trust company or other nominee effect the tender for you. Similarly, because the Tender Offer is addressed to the holders of Shares only, in order to participate in the Tender Offer, holders of ADRs will need to withdraw the Shares underlying their ADRs prior to submitting Tender Instructions. See Section 2 “*Certain Effects of the Tender Offer and Potential Risks for Shareholders*”.

As described herein, only Shareholders that hold Shares through a Depo Account, Depositary Receipt Programme Custody Account or Other Account (each as defined in Section 15 “*Definitions*”) are eligible to participate in the Tender Offer. The terms of the Tender Offer provide for the crediting of Shares accepted for purchase in the Tender Offer to the Purchaser's Depo Account (with respect of Shares held within NSD) or the Purchaser's Other Account (with respect to Shares held outside of NSD). As a matter of Russian law, generally only shares held in a Depo Account may be transferred to other Depo Accounts. Accordingly, persons holding Shares in a securities account with MTS shareholders’ register maintained by JSC “Reestr” (which is not a Depo Account), in order to participate in the Tender Offer, must transfer their Shares to a Depo Account opened in their name prior to the Expiration Time (such transfer to be completed sufficiently in advance of the Expiration Time to allow the submission of a Tender Instruction prior to the Expiration Time) so that such Shares may be credited to the Purchaser's Depo Account. Shareholders should contact the Tender and Paying Agent if they need technical assistance in connection with submission of a Tender Instruction.

While in accordance with applicable regulatory requirements the Tender Offer is being made to all Shareholders, we note that there may be operational restrictions on the ability of certain Shareholders to tender their Shares in the Tender Offer. See Section 2 “*Certain Effects of the Tender Offer and Potential Risks for Shareholders*”.

None of MTS, the Purchaser or any member of the Group (as defined in Section 15 “*Definitions*”) will purchase Shares, other than as disclosed in this Tender Offer Memorandum or pursuant to the Tender Offer, during the period in which the Tender Offer is open for submission of tenders.

**General enquiries regarding the Tender Offer, including its commercial parameters, shall be addressed to MTS. Administrative questions and requests for technical assistance in connection with the Tender Offer relating to tendering procedures and payments for tendered Shares shall be directed to the Tender and Paying Agent.**

**Please note that the Tender and Paying Agent will only provide technical information regarding the mechanics of tendering Shares pursuant to the Tender Offer and the completion of the accompanying documents and will not give advice on the merits of the Tender Offer or provide legal, financial, investment, taxation or any other advice or information.**

Tendering Shareholders should make their own assessment of the merits and risks involved in participating in the Tender Offer, including investment, tax, legal and accounting matters.

Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this Tender Offer Memorandum to any jurisdiction outside the Russian Federation or the United States should seek appropriate advice before taking any action. The distribution of this Tender Offer Memorandum

and any accompanying documents into jurisdictions other than the Russian Federation or the United States may be restricted by law. Any person not in the Russian Federation or in the United States into whose possession this Tender Offer Memorandum and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

**THE PURCHASER IS NOT MAKING THE TENDER OFFER TO, AND WILL NOT ACCEPT ANY TENDERED SHARES FROM, SHAREHOLDERS IN ANY JURISDICTION WHERE IT WOULD BE ILLEGAL TO DO SO.**

The Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by other means (including, without limitation, facsimile transmission, email, telex and telephone), or via any facilities of a national securities exchange of Australia, Canada, Japan or any other jurisdiction where the making of the Tender Offer into or inside such jurisdiction would constitute violation of the laws of such jurisdiction. Copies of this Tender Offer Memorandum are not being and must not be mailed or otherwise distributed or sent in or into any such jurisdiction, including to Shareholders with registered addresses in these jurisdictions or to persons whom the Purchaser or MTS know to be trustees, nominees or custodians holding Shares for such persons.

Shareholders who desire to tender all or any portion of their Shares should carefully read and follow the procedures outlined in Section 5 “*Procedures for Tendering Shares*”. The Purchaser reserves the absolute right to reject Tender Instructions determined not to be in appropriate form, such determination to be made solely at the Purchaser’s discretion.

**IF A SHAREHOLDER DOES NOT WISH TO TENDER SHARES PURSUANT TO THE TENDER OFFER, NO ACTION NEEDS TO BE TAKEN.**

**THE BOARD OF DIRECTORS OF MTS HAS AUTHORISED THE TRANSACTIONS RELATED TO THE TENDER OFFER AND MTS, AS THE SOLE PARTICIPANT OF THE PURCHASER, HAS APPROVED THE TENDER OFFER. HOWEVER, NONE OF THE PURCHASER, MTS, ITS BOARD OF DIRECTORS OR MANAGEMENT BOARD, OR THE TENDER AND PAYING AGENT (AS DEFINED BELOW) MAKES ANY RECOMMENDATION AS TO WHETHER A SHAREHOLDER SHOULD OR SHOULD NOT TENDER SHARES PURSUANT TO THE TENDER OFFER. NONE OF THE PURCHASER, MTS, MTS’S BOARD OF DIRECTORS OR MANAGEMENT BOARD, OR THE TENDER AND PAYING AGENT HAS AUTHORISED ANY PERSON TO MAKE ANY RECOMMENDATION WITH RESPECT TO THE TENDER OFFER. SHAREHOLDERS MUST MAKE THEIR OWN DECISIONS AS TO WHETHER TO TENDER THEIR SHARES AND, IF SO, HOW MANY SHARES TO TENDER. IN DOING SO, SHAREHOLDERS SHOULD CONSULT THEIR OWN FINANCIAL, LEGAL AND TAX ADVISORS, AND READ CAREFULLY AND EVALUATE THE INFORMATION IN THIS TENDER OFFER MEMORANDUM, INCLUDING THE REASONS FOR MAKING THE TENDER OFFER.**

No person has been authorised to give any information or make any representations other than those contained in this Tender Offer Memorandum and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this Tender Offer Memorandum shall not, under any circumstances, create any implication that there has been no change in the affairs of the Purchaser or MTS since the date of this Tender Offer Memorandum or that the information in it is correct as of any subsequent time.

Rule 14e-5 under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) generally prohibits the Purchaser and its affiliates from purchasing any Shares, other than in the Tender Offer, until the Tender Offer expires, subject to limited exceptions. Pursuant to Rule 14e-5(b)(12) under the Exchange Act and due to the fact that such purchases are permissible under and will be conducted in accordance with applicable Russian laws, the Purchaser and its affiliates, including MTS, may from time to time make certain purchases of, or arrangements to purchase Shares outside the United States, otherwise than pursuant to the Tender Offer, before or during the period in which the Tender Offer remains open for acceptance, such as in open market purchases at prevailing prices or privately negotiated purchases at negotiated prices. Such purchases may include transfers of Shares to MTS, the Purchaser or any member of the Group in connection with financing and refinancing transactions or other transactions having an economic effect of a borrowing (including stock lending arrangements) or liquidity management transactions, repurchases of Shares in connection with such transactions, transfers of Shares among members of the Group or transfers of Shares in connection with any management incentive programmes or employee stock option plans, as well as transfers of Shares to unit investment funds. Such purchases, transfers or repurchases or arrangements in relation to the foregoing will be conducted in compliance with applicable laws.

The receipt of cash pursuant to the Tender Offer by a Shareholder will be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction in other jurisdictions. Section 9 “*Certain Taxation Matters*” of this Tender Offer Memorandum further sets forth certain material Russian and U.S. federal income tax consequences of the Tender Offer. However, tax consequences to each Shareholder will vary depending on individual circumstances, and each Shareholder should consult and seek individual advice from an appropriate professional tax adviser regarding the tax consequences of the Tender Offer to such Shareholder.

**Neither the SEC nor any U.S. state securities commission has approved or disapproved of this transaction or passed upon the merits of fairness of such transaction or passed upon the adequacy of the information contained in this Tender Offer Memorandum. Any representation to the contrary is a criminal offence.**

**WITHOUT PREJUDICE TO THE PROVISIONS HEREIN RELATING TO THE RETURN OF THE RELEVANT SHARES, NONE OF THE PURCHASER, MTS OR THE TENDER AND PAYING AGENT SHALL BE LIABLE IF THE SETTLEMENT OF THE TENDER OFFER IS NOT COMPLETED FOR ANY REASON.**

**THE INFORMATION CONTAINED IN THIS TENDER OFFER MEMORANDUM IS ADDRESSED EXCLUSIVELY TO THE SHAREHOLDERS AND THEIR AUTHORISED REPRESENTATIVES AND AGENTS. NEITHER THIS TENDER OFFER MEMORANDUM NOR THE TENDER OFFER CONSTITUTE AN OFFER (OFERTA) PURSUANT TO RUSSIAN LAW, OR AN ADVERTISEMENT, OR AN OFFER OF SECURITIES TO AN UNLIMITED NUMBER OF PERSONS WITHIN OR OUTSIDE THE TERRITORY OF THE RUSSIAN FEDERATION, OR VOLUNTARY TENDER OFFER OR MANDATORY TENDER OFFER UNDER RUSSIAN LAW, OR AN AUCTION UNDER ARTICLES 447-449 OF THE CIVIL CODE OF THE RUSSIAN FEDERATION AND APPLICABLE RUSSIAN LAW.**

The date of this Tender Offer Memorandum is 7 August 2024

## SUMMARY TERMSHEET

This summary is provided for your convenience. It highlights selected information concerning the Tender Offer and does not contain all the information that may be important to Shareholders in deciding whether or not to tender their Shares. For the details of the Tender Offer and a more complete discussion of the terms and conditions thereof, please read carefully the entire Tender Offer Memorandum, the Tender Instruction and the execution and delivery instructions thereto.

### Who is making an invitation to tender Shares?

LLC “Stream Digital”, a direct wholly owned subsidiary of MTS, is inviting you to tender your Shares for cash. See Section 7 “*Certain Information Concerning the Purchaser*”.

### How many Shares could be purchased in the Tender Offer?

- (a) The Purchaser is willing to purchase up to 57,705,102, which is the Maximum Number of Shares. The number of Shares purchased will be determined after the Expiration Time and will not be known until after that time.
- (b) If more than the Maximum Number of Shares are validly tendered prior to the Expiration Time, Shares subject to such validly tendered Tender Instructions not rejected by the Purchaser will be purchased on a pro rata basis. Pro rata allocations shall be calculated by multiplying the number of Shares validly tendered by the tendering Shareholder by a factor equal to (i) the Maximum Number of Shares divided by (ii) the aggregate amount of Shares validly tendered. Such pro ration will apply to each Depo Account, Depository Receipt Programme Custody Account or Other Account (each as defined in Section 15 “*Definitions*”) specified in the Tender Instruction (with downward adjustments where necessary to avoid the purchase of fractional Shares). Since the pro-ration is based on the number of Shares tendered as noted above, and not the number held by each Shareholder, it is likely that the number of Shares a Shareholder is able to sell in the Tender Offer as result of any pro-ration would be different than if it were based on the Shareholder’s proportionate interest in the share capital. See Section 3 “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration*”.
- (c) In addition, the Purchaser may, subject to applicable law, exercise its right to purchase up to an additional 2% of the outstanding Shares without extending the Expiration Time. The Purchaser also expressly reserves the right, in its sole discretion, to amend the Tender Offer to purchase additional Shares, subject to applicable law. See Section 10 “*Amendments; Extension of Tender Period; Termination*”.

### What will be the Purchase Price for the Shares and what will be the form of payment?

- (a) The Purchase Price will be 95.0 Russian rubles per Share.
- (b) The Purchaser will make payment for the Shares validly tendered, accepted for purchase and transferred to the Purchaser in Russian rubles to resident Shareholders and in Russian rubles or any Alternative Currency (at the sole discretion of the relevant tendering Shareholder but subject to the terms and conditions set out in this Tender Offer Memorandum and in a Tender Instruction, or as otherwise agreed between the Purchaser and the relevant Shareholder) at the relevant CBR exchange rate in effect on the Agreement Date to non-resident Shareholders.
- (c) Payments to Shareholders who have tendered Shares will be made only to such Shareholders’ (or their agents’) Russian ruble or relevant Alternative Currency (as appropriate) bank accounts with Russian banks or banks and other financial institutions outside of the Russian Federation. The payment for the purchased Shares will be made via the Tender and Paying Agent from the bank account of the Purchaser opened with the Tender and Paying Agent. See Section 6 “*Payment for Shares*”.

### What is the purpose of the Tender Offer?

The Tender Offer is being conducted on the basis of a decision of MTS’s Board of Directors to adjust MTS’s equity capital markets strategy and, in particular, to allow Shareholders whose rights have been restricted with an opportunity to dispose of their Shares partially or fully via an efficient instrument that would allow Shareholders to tender their Shares in order to provide them with liquidity in respect of such Shares, which

may be currently inaccessible for certain groups of Shareholders. See Section 1 “*Purpose and Background of the Tender Offer*”.

### **Has MTS or its Board of Directors adopted a position on the Tender Offer?**

- (a) MTS’s Board of Directors has authorized the Purchaser to make the Tender Offer by a resolution of the Board of Directors dated 21 December 2023, as amended on 7 August 2024. Also, the Tender Offer was approved by a resolution of the Purchaser’s sole participant dated 5 February 2024, as amended on 7 August 2024.
- (b) However, none of MTS, the members of MTS’s Board of Directors or the Tender and Paying Agent makes any recommendation to you as to whether to tender or refrain from tendering your Shares or as to any price at which you might tender Shares. You must make your own decision as to whether to tender your Shares and, if so, how many Shares to tender and at what price or prices to tender. Prior to making any decision with respect to the Tender Offer, you should read carefully the information in this Tender Offer Memorandum and the Tender Instruction, including the reasons for making the Tender Offer and consult with your professional advisers (if necessary). See Section 1 “*Purpose and Background of the Tender Offer*”.

### **Will the Shares be delisted from the Moscow Exchange? Will MTS become a private company?**

It is the Purchaser’s understanding, based on the relevant enquiries with MTS, that, as of the date of this Tender Offer Memorandum, the Shares are expected to remain listed on the Moscow Exchange following completion of the Tender Offer. MTS is not aware of any plans of its shareholders to terminate the public status of MTS and cancel the listing of the Shares on the Moscow Exchange.

### **How will the Tender Offer affect the number of Shares outstanding?**

The Tender Offer will not affect the number of Shares outstanding.

### **Does the Purchaser have the financial resources to purchase the Shares pursuant to this Tender Offer?**

The Purchaser has entered into an intragroup financing arrangement to finance the acquisition of the Shares in the Tender Offer. To ensure the smooth settlement of the Tender Offer, an amount equivalent to the total Purchase Price with respect to the Maximum Number of Shares has been credited to the Purchaser’s bank accounts. Therefore, the Purchaser will by the Expiration Time have sufficient funds to complete the Tender Offer.

### **Who will exercise rights attached to the Shares acquired by the Purchaser?**

Following completion of the Tender Offer, the Purchaser may hold the Shares acquired in the Tender Offer or transfer them to a third party (which may include another member of the Group), which will retain all rights attached to the Shares that are generally available to Shareholders.

### **How long do I have to tender my Shares?**

You may tender your Shares until the Expiration Time which is fixed at 12:00 p.m. Moscow time on 6 September 2024, unless extended by the Purchaser in its sole discretion. See Sections 3 “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration*” and 10 “*Amendments; Extension of Tender Period; Termination*”.

If a broker, dealer, commercial bank, trust company or other nominee holds your Shares, it is likely that they have an earlier deadline for accepting the Tender Offer. The Purchaser recommends that you contact the broker, dealer, commercial bank, trust company or other nominee holding your Shares to find out their deadline.

### **Can the Tender Offer be extended, amended or terminated and, if so, under what circumstances? How will I be notified if the Tender Offer is so extended, amended or terminated?**

Yes. The Purchaser may extend, amend or terminate the Tender Offer in its sole discretion, subject to applicable

law. If the Purchaser extends the Tender Offer, it will delay the acceptance of any Shares that have been tendered. The Purchaser cannot assure you, however, that it will extend the Tender Offer or, if it extends it, for how long.

If the Tender Offer is extended, the Purchaser will issue a press release or other public announcement by no later than the next Business Day after the Tender Offer would have expired. See Section 10 “*Amendments; Extension of Tender Period; Termination*”.

The Purchaser can also terminate the Tender Offer if certain conditions set forth in Section 4 “*Certain Conditions of the Tender Offer*” are not satisfied subject to the provisions of Section 10 “*Amendments; Extension of Tender Period; Termination*” or for any other reason at any time prior to or after the Expiration Time by publishing a press release announcing such termination.

### **Are there any conditions to the Tender Offer?**

Yes. Notwithstanding any other provisions of the Tender Offer, and in addition to (and not in limitation of) the Purchaser’s right to amend or extend the Tender Offer in its sole discretion at any time prior to the Expiration Time (including to decrease the Maximum Number of Shares) or terminate the Tender Offer in its sole discretion for any other reason at any time prior to or after the Expiration Time, the Tender Offer is subject to several conditions, which the Purchaser may waive in its sole discretion. In particular, the Purchaser will not be required to accept for purchase, and may delay the acceptance for purchase or payment for, any tendered Shares, if:

- any action or proceeding has been instituted or threatened that would, in the Purchaser’s reasonable judgment, impair the Tender Offer;
- the Purchaser has not obtained all consents, approvals, waivers or amendments from third parties necessary to permit the consummation of the Tender Offer;
- acceptance for purchase or payment for any Shares pursuant to the Tender Offer would violate any law or regulation applicable to the Purchaser or MTS, including any Russian Restrictions, Sanctions (as defined in Section 15 “*Definitions*”) or any order or prescription by a regulator or other competent authority, or any contractual obligations of MTS or members of the Group in relation to compliance with the Russian Restrictions or Sanctions;
- there has occurred or be likely to occur any event affecting the business, financial affairs, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Purchaser or MTS, or their respective subsidiaries or affiliates, that, in the sole judgment of the Purchaser, would or might prohibit, prevent, restrict or delay consummation of the Tender Offer, or that will, or is reasonably likely to, materially impair the contemplated benefits of the Tender Offer to the Purchaser, MTS or Shareholders as a group, or otherwise result in the consummation of the Tender Offer not being or reasonably likely not being in the best interests of the Purchaser, MTS or Shareholders as a group; or
- there has been after the date of this Tender Offer Memorandum, among other things, (a) any general suspension of, shortening of hours for, or limitation on prices for trading in Shares on any securities exchange or in the over-the-counter market on which the Shares trade; (b) any significant adverse change in the price of the Shares or in the Russian, United Kingdom or United States securities or financial markets, (c) a material impairment in the trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect of banks by the Russian Federation, United Kingdom or Federal or state authorities in the United States (whether or not mandatory), (e) a commencement of a war, armed hostilities, terrorist action or other national or international crisis or national calamity, (f) any significant change in Russian, U.K. or U.S. currency exchange rates or a suspension of, or limitation on, the markets thereof (whether or not mandatory), (g) any significant adverse change in Russian, U.K. or U.S. securities or financial markets generally or (h) in the case of any of the foregoing existing at the time of the commencement of the Tender Offer, a material acceleration or worsening thereof.

For a more detailed discussion of these and other conditions to the Tender Offer, please see Section 4 “*Certain Conditions of the Tender Offer*”.

### **How do I tender my Shares?**

- (a) Shares will be considered validly tendered only if a Tender Instruction, together with all documents

required to be attached thereto, are submitted to the Tender and Paying Agent prior to the respective deadlines established for the submission of these documents and in accordance with procedures set out in this Tender Offer Memorandum, the Tender Instruction and instructions thereto.

- (h) Completed Tender Instructions and other documents set out herein, in the Tender Instruction and instructions thereto must be submitted to the Tender and Paying Agent by Shareholders or by their authorized representatives acting on the basis of notarized powers of attorney:
  - (i) in person in original forms or as notarized copies at the Tender and Paying Agent's office located at the following address:  
  
AO Raiffeisenbank, address: Smolenskaya-Sennaya square 28, Moscow, Russia; or
  - (ii) electronically (in pdf format, as a separate file for each document being sent) at the following email address:  
  
[tender@mtsgsm.com](mailto:tender@mtsgsm.com).
- (c) Information on the business hours of the office of AO Raiffeisenbank may be obtained by contacting AO Raiffeisenbank at the address or email address indicated above. The Purchaser reserves the right to change the address and email specified above by publishing or procuring to be published a relevant press release on the website [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer) prior to any such change. Such change in address or email address shall not affect the validity of Tender Instructions validly tendered to the original address or e-mail address prior to such press release being published.
- (d) Shares will be considered validly tendered only if Tender Instructions in respect of those are submitted to the Tender and Paying Agent at the above address or email in each case prior to the Expiration Time.
- (e) The procedures for tendering Shares and required documents in connection therewith are described in detail in the Tender Instruction and instructions thereto that accompany this Tender Offer Memorandum. Please read the Tender Instruction and instructions thereto carefully to ensure that you have sufficient time to assemble all documents required to be submitted to the Tender and Paying Agent together with the Tender Instruction.

### **I am a holder of ADRs of MTS, am I able to participate in the Tender Offer?**

The Tender Offer is addressed to the holders of Shares only. In order to participate in the Tender Offer, holders of the ADRs will need to convert their ADRs into the Shares. On 23 August 2022, MTS announced that the ADRs were delisted from the New York Stock Exchange effective 8 August 2022. There are certain regulations and instructions of the Russian authorities that may limit conversion of the ADRs of certain ADR holders into Shares. Holders of ADRs would need to consult with the Depositary Bank and their brokers for information on the procedures and steps required to convert ADRs into Shares in order to participate in the Tender Offer.

Accordingly, holders of ADRs cannot tender their ADRs in the Tender Offer and can only participate in the Tender Offer by tendering Shares withdrawn as a result of the conversion of ADRs.

### **I am a holder of Shares which are held at the securities account with MTS shareholders' register. Am I able to participate in the Tender Offer?**

Only Shareholders that hold Shares through Depo Account, Depositary Receipt Programme Custody Account or Other Account are eligible to participate in the Tender Offer and submit the Tender Instructions. To participate in the Tender Offer, persons holding Shares in a securities account with MTS shareholders' register maintained by JSC "Reestr" must transfer their Shares to a Depo Account opened in their name prior to the Expiration Time (such transfer to be completed sufficiently in advance of the Expiration Time to allow the submission of a Tender Instruction prior to the Expiration Time).

### **May I tender only a portion of the Shares that I hold?**

Yes. You do not have to tender all or any minimum amount of the Shares that you own to participate in the Tender Offer. A Shareholder may (but is not obligated to) tender all of its Shares, or any portion thereof.



### **May I tender pledged or otherwise encumbered securities into the Tender Offer?**

- (a) No. Shareholders may not tender Shares that are blocked, encumbered, pledged or subject to attachment or have other restrictions of any kind.
- (b) The Purchaser may reject any Tender Instruction if the Shares specified in the Tender Instruction are blocked, encumbered or attached or have other restrictions on the rights and ability of the Shareholder to transfer the Shares to the Purchaser.

### **May I withdraw my tender?**

No, you will not be able to withdraw your validly submitted tenders of Shares and your offer to sell the Shares to the Purchaser will be irrevocable.

### **What happens if the number of Shares tendered in the Tender Offer would result in an aggregate amount of Shares purchased that is more than the Maximum Number of Shares?**

Upon the terms and subject to the conditions of the Tender Offer, if the number of Shares properly tendered prior to the Expiration Time would result in an amount of Shares purchased that is more than the Maximum Number of Shares, the rules set out in Section 3.D “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration – Pro-Ration*” of this Tender Offer Memorandum will apply to the calculation of the number of Shares to be purchased by the Purchaser and, if applicable, the pro-ration. Therefore, it is possible that the Purchaser will not purchase all of the Shares that you tender due to such pro-ration.

### **Are there other reasons besides pro-ration why my tendered Shares would not be accepted by the Purchaser?**

- (a) There is no obligation of the Purchaser to accept the Tender Instruction and no binding agreement is concluded until the Purchaser accepts the Tender Instruction. Without prejudice to the generality of the foregoing and at its sole and absolute discretion, the Purchaser may reject any Tender Instruction if the purchase and transfer of the Shares specified in such Tender Instruction (or held on relevant Depo Account, Depository Receipt Programme Custody Account or Other Account) cannot be performed on any grounds, including due to (i) the discovery of obvious signs that the Tender Instruction may be forged or otherwise invalid, (ii) the number of Shares specified in the Tender Instruction with respect to a certain Depo Account, Depository Receipt Programme Custody Account or Other Account of the Shareholder exceeding the number of Shares registered in such Depo Account, Depository Receipt Programme Custody Account or Other Account of the Shareholder, (iii) the Shares specified in the Tender Instruction being blocked, encumbered or attached or having other restrictions on the rights and ability of the Shareholder to transfer the Shares to the Purchaser; (iv) likely impossibility of effecting the transfer of funds to the bank account specified by the relevant Shareholder; (v) or the transfer of Shares to the Purchaser is likely to be materially delayed or rejected on any grounds. Subject to the pro-ration, the Purchaser may accept or reject a Tender Instruction as a whole and not with respect to certain Shares, Depo Account, Depository Receipt Programme Custody Account or Other Account.
- (b) All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tenders will be determined by the Purchaser in its sole discretion, which determination shall be final and binding. The Purchaser reserves the absolute right to reject any or all tenders determined not to be in appropriate form or from persons whose participation in the Tender Offer could in the opinion of the Purchaser result in violation of applicable legal requirements or to refuse to accept for purchase any Shares if, in the opinion of the Purchaser, accepting or purchasing such Shares would be unlawful.
- (c) If at the Expiration Time, the Purchaser, together with its affiliates, holds such number of Shares that, together with the number of Shares validly tendered, will amount to more than 1,498,786,181 Shares, the Purchaser will only purchase the Adjusted Maximum Number of Shares. If the number of Shares validly tendered exceeds the Adjusted Maximum Number of Shares, the Shares subject to validly tendered Tender Instructions not rejected by the Purchaser will be acquired on a pro rata basis as described in Section 3.D “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration – Pro-Ration*” of the Tender Offer Memorandum.

- (d) The Purchaser expressly reserves the right in its sole discretion to not accept for purchase any Shares for any reason or if any of the conditions referred to in Section 4 “*Certain Conditions of this Tender Offer*” has not been satisfied or upon the occurrence and during the continuance of any of the events specified in Section 4 “*Certain Conditions of this Tender Offer*”.
- (e) The Purchaser reserves the right, at any time during the period of this Tender Offer, to amend or extend this Tender Offer in its sole discretion in any respect, or, at any time prior to or after the Expiration Time, terminate it in its sole discretion for any reason, including the failure to satisfy any of the conditions specified in Section 4 “*Certain Conditions of this Tender Offer*”, subject to the provisions of Section 10 “*Amendments; Extension of Tender Period; Termination*”.

**I am a holder of Shares and also an employee of MTS. Am I able to participate in the Tender Offer?**

The Tender Offer is open to all holders of Shares, including employees of MTS, who should make their own decisions whether or not to participate in the Tender Offer having regard to their own financial and tax position and requirements of all applicable laws.

**Can MTS’s directors, executive officers and affiliates participate in the Tender Offer?**

MTS’s directors, executive officers and other affiliates are entitled to participate in the Tender Offer on the same terms as other Shareholders and may do so in their discretion, subject to MTS's internal compliance requirements.

**Does the Purchaser, MTS or any other affiliate of MTS intend to purchase any Shares other than pursuant to the Tender Offer during or after the Tender Offer?**

Pursuant to Rule 14e-5(b)(12) under the Exchange Act and due to the fact that such purchases are permissible under and will be conducted in accordance with applicable Russian laws, the Purchaser and its affiliates, including MTS, may from time to time make certain purchases of, or arrangements to purchase Shares outside the United States, otherwise than pursuant to the Tender Offer, before or during the period in which the Tender Offer remains open for acceptance, such as in open market purchases at prevailing prices or privately negotiated purchases at negotiated prices. Whether the Purchaser, MTS or another affiliate of MTS make additional repurchases will depend on many factors, including, without limitation, the number of Shares, if any, that the Purchaser purchases in the Tender Offer, MTS’s business and financial performance and situation, the business and market conditions at the time, including the price of the Shares, and such other factors as the Purchaser, MTS and any such affiliate of MTS may consider relevant. Any of these repurchases may be on the same terms or on terms that are more or less favorable to the selling shareholders in those transactions than the terms of the Tender Offer.

**What will happen if I do not tender my Shares?**

Shareholders who choose not to tender their Shares will continue to hold Shares following the completion of the Tender Offer. See Section 1 “*Purpose and Background of the Tender Offer - Shareholders who do not tender their Shares in the Tender Offer will remain shareholders of MTS and will bear the attendant risks associated with holding the Shares*”.

**I have validly tendered my Shares. How will I understand that my Shares are accepted for purchase and, if they are, what are the next steps?**

- (a) The Purchaser will announce or procure to be announced the results of the Tender Offer and the pro-ration in a press release on the designated website [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer) within four Business Days following the Expiration Time.
- (b) If the Shares of the relevant Shareholder have been accepted for purchase, the Tender Instruction countersigned by the Purchaser and indicating the number of Shares accepted for purchase will be sent to the relevant Shareholder at its email address specified in the relevant Tender Instruction on the fifth Business Day following the Expiration Time (being, the Agreement Date).
- (c) The Shareholders or their duly authorized representatives will need to undertake actions required to transfer Shares sold in the Tender Offer to the Purchaser’s Depo Account or the Purchaser’s Other

Account pursuant to this Tender Offer Memorandum, the Tender Instruction and instructions thereto by no later than the fifth Business Day following the Agreement Date. Any Shares tendered to the Purchaser by the Shareholders other than in accordance with the procedures set forth in this Tender Offer Memorandum, the Tender Instruction and instructions thereto will not be eligible for purchase by the Purchaser (unless the relevant requirements have been waived by the Purchaser). Any Shares transferred to the Purchaser by Shareholders other than in accordance with the procedures set forth in this Tender Offer Memorandum, the Tender Instruction and the instructions thereto, will not be eligible for the acceptance and payment by the Purchaser (unless the relevant requirements have been waived by the Purchaser) and the Purchaser, subject to all applicable laws, will take all actions required from the Purchaser to return such Shares to the respective Shareholder which, in turn, shall take all necessary action to ensure that the Shares can be transferred back to it. Those Shareholders whose tendered Shares have been returned will not receive interest, price difference or any other form of compensation during the period of time when such Shares were held by the Purchaser.

**When and how will the Purchaser pay for the tendered Shares that are accepted for payment?**

- (a) Payment for validly tendered Shares that are accepted for purchase by the Purchaser will be made no later than on the fifth Business Day following the transfer of the tendered Shares to the Purchaser pursuant to this Tender Offer Memorandum, the Tender Instruction and execution and delivery instructions thereto.
- (b) The payment for the purchased Shares will be made via the Tender and Paying Agent from the bank account of the Purchaser opened with the Tender and Paying Agent.

**What is the recent market price for the Shares?**

On 6 August 2024, the last full trading day before the Purchaser commenced the Tender Offer, the closing market price (main trading session) per Share on the Moscow Exchange was RUB 221.0 (or 2.6 U.S. dollars, using the 84.9471 Central Bank of Russia Russian ruble / U.S. dollar exchange rate in effect as of the same date). The Purchase Price is 43% of that closing market price. You are recommended to obtain current market quotations for the Shares before deciding whether to tender your Shares.

**Why is the Purchase Price less than the price per Share on the Moscow Exchange and why should I accept your Tender Offer?**

- (a) Due to the Russian Restrictions, the Purchaser's discretion to set the Purchase Price is now limited. The Purchase Price has been set in accordance with the approval granted by the Government Commission, which is a pre-requisite for the Tender Offer.
- (b) Your participation in the Tender Offer is at your sole discretion and, accordingly, you are not required to participate in the Tender Offer. However, the Tender Offer gives you the opportunity to divest your shareholding in MTS partially or fully while your ability to deal in the Shares, receive full economic benefit of investments in MTS's securities and exercise other rights as Shareholders may be limited by the Russian Restrictions, Sanctions or otherwise.

**Will securities not purchased by the Purchaser pursuant to this Tender Offer be returned to me?**

Any Shares that are not purchased in this Tender Offer, including Shares not purchased due to pro-ration, will remain in the ownership of the holder thereof and remain registered in such Shareholder' Depo Account, Depository Receipt Programme Custody Account or Other Account, as applicable. Any Shares transferred to the Purchaser by Shareholders other than in accordance with the procedures set forth in this Tender Offer Memorandum, the Tender Instruction and instructions thereto will not be accepted and paid for by the Purchaser (unless the relevant requirements have been waived by the Purchaser) and the Purchaser, subject to all applicable laws, will take all actions required from the Purchaser to return such Shares to the respective Shareholder which, in turn, shall take all necessary action to ensure that the Shares can be transferred back to it. Those Shareholders whose tendered Shares have been returned will not receive interest, price difference or any other form of compensation during the period of time when such Shares were held by the Purchaser.

**What happens if I sell my Shares after receiving this Tender Offer Memorandum?**

You may trade your Shares in the same way as before the launch of the Tender Offer unless you have submitted a Tender Instruction. If you sell or have sold or otherwise transferred all or some of your Shares, please forward this Tender Offer Memorandum at once to the purchaser or transferee or the agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee (but not if such purchaser, transferee or agent is resident in a jurisdiction where the Tender Offer would be unlawful). If you have sold part of your holding of Shares only, you still may participate in this Tender Offer, provided that you will validly tender all or some of your remaining Shares.

### **May I sell my Shares after I have tendered them?**

The execution and delivery of the Tender Instruction by you or your authorized representative will constitute your agreement to complete the settlement procedures set forth herein. By submitting the Tender Instruction, you agree not to transfer tendered Shares (save for the transfer to the Purchaser pursuant to this Tender Offer) and create any encumbrances over such Shares until such time as the tendered Shares accepted by the Purchaser for purchase are transferred to the Purchaser or, if no tendered Shares have been accepted for purchase, until the Agreement Date.

### **Will I have to pay brokerage fees and commissions if I tender my Shares?**

You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any brokerage fees, commissions or charges will apply in connection with your participation in the Tender Offer.

### **What are the tax consequences if I tender my Shares?**

- (a) If you are a U.S. Holder (as defined in Section 9 “*Certain Taxation Matters*”), the receipt of cash for your tendered Shares generally will be treated for United States federal income tax purposes either as (a) a sale or exchange eligible for capital gain or loss treatment or (b) a distribution in respect of MTS’s stock, depending on the circumstances. The Shareholders should be aware that the sale of Shares and receipt of the Purchase Price pursuant to this Tender Offer may have certain tax consequences in Russia.
- (b) Shareholders are urged to consult at their own expense their tax advisors with respect to those consequences in considering this Tender Offer.
- (c) Please also refer to Section 9 “*Certain Taxation Matters*”.

### **Will I have to pay stock transfer tax if I tender my Shares?**

Shareholders will pay all stock transfer taxes, if any, with respect to the transfer and sale of Shares pursuant to the Tender Offer. The amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be the responsibility of the registered holder and satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, will need to be submitted. Each of the Purchaser and the relevant Shareholder will bear their own costs in connection with the Tender Offer.

### **Whom do I contact if I have questions about the Tender Offer?**

- (a) Administrative questions and requests for technical assistance in connection with the Tender Offer relating to tendering procedures and payments for tendered Shares shall be directed to the Tender and Paying Agent at [tender@mtsgsm.com](mailto:tender@mtsgsm.com).
- (b) General enquiries in relation to the Tender Offer and the Group may be directed to:

#### **Investor Relations Department**

Email: [ir@mts.ru](mailto:ir@mts.ru)

Telephone: 7 (495) 223-20-25

#### **Corporate Finance and Treasury Director**

Alexander Smirnov

Email: [kazna@mts.ru](mailto:kazna@mts.ru)

- (c) Copies of this Tender Offer Memorandum and the Tender Instruction are available at a dedicated website at [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer).

## INTRODUCTION

As of the date of this Tender Offer Memorandum, there were 1,998,381,575 Shares (including Shares represented by ADRs and treasury Shares) issued and outstanding-. In aggregate, no more than 57,705,102 Shares (as may be adjusted pursuant to this Tender Offer Memorandum), or up to 2.89% of all issued and outstanding Shares (including treasury Shares), will be purchased pursuant to the Tender Offer. See Section 3 “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration*”.

Each eligible Shareholder who has validly tendered Shares pursuant to the Tender Offer which have been accepted for purchase will receive the Purchase Price per Share payable in cash, without interest, for all Shares accepted and purchased upon the terms and subject to the conditions of the Tender Offer, including the provisions relating to pro-ration described below. You will not be able to withdraw your validly submitted tenders of Shares. Payment for Shares will be made in Russian rubles to resident Shareholders and in Russian rubles or any Alternative Currency (at the sole and absolute discretion of the relevant tendering Shareholder, subject to the terms and conditions set out herein and in a Tender Instruction, or as otherwise agreed between the Purchaser and the relevant Shareholder) at the CBR exchange rate in effect on the Agreement Date to non-resident Shareholders. See Section 6 “*Payment for Shares*.”

Moreover, tendering Shareholders should note that there will be up to 5 Business Days between the date when Shares will be transferred to the Purchaser and the date on which the Tender and Paying Agent will cause the Purchase Price to be debited from its account, net of any fees, expenses or taxes, and paid to the tendering Shareholders. The Purchaser bears no responsibility for potential unforeseen delays associated with circumstances which are outside of the Purchaser’s control. Tendering Shareholders will not receive interest or any other form of compensation during this period of time or in the event of a delay in the delivery of the Purchase Price.

If more than the Maximum Number of Shares are validly tendered prior to the Expiration Time, Shares tendered subject to valid Tender Instructions not rejected by the Purchaser will be accepted for purchase on a *pro rata* basis. Pro rata allocations shall be calculated by multiplying the number of Shares validly tendered by the tendering Shareholder by a factor equal to (i) the Maximum Number of Shares divided by (ii) the aggregate amount of Shares validly tendered. Such pro-ration will apply to each Depo Account, Depository Receipt Programme Custody Account or Other Account specified in the Tender Instruction (with fractional Shares rounded down to the nearest whole Share). Since the pro-ration is based on the number of Shares tendered, and not the number held by each Shareholder, it is likely that the number of Shares a Shareholder will be able to sell in the Tender Offer as result of any pro-ration would be different than if the pro-ration was based on the Shareholder’s proportionate interest in MTS’s share capital. See Section 3 “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration*”. Any tendered Shares not purchased in the course of the Tender Offer will remain held by the holder thereof and remain registered in such Shareholder’s Depo Account, Depository Receipt Programme Custody Account or Other Account. The Purchaser will accept for purchase from each tendering Shareholder only that number of Shares that are validly tendered and may be purchased from such holder of Shares after pro-ration. For the purposes of this Tender Offer Memorandum, where reference is made to Shares that are “validly tendered” or similar expressions, validly tendered Shares shall also include defectively tendered Shares with respect to which the Purchaser has waived such defect. See Section 5.D “*Procedures for Tendering Shares — Return of Shares Tendered by Shareholders, but Not Purchased by the Purchaser*.” The Purchaser reserves the right, at any time during the period of the Tender Offer, to amend or extend the Tender Offer in its sole discretion in any respect (including to decrease the Maximum Number of Shares), or, at any time prior to or after the Expiration Time, terminate the Tender Offer for any reason, including the failure to satisfy any of the conditions specified in Section 4 “*Certain Conditions of the Tender Offer*”, subject to the provisions of Section 10 “*Amendments; Extension of Tender Period; Termination*”.

The Purchaser has engaged AO Raiffeisenbank as a tender agent and a paying agent (the “**Tender and Paying Agent**”) for the Tender Offer. Administrative questions and requests for technical assistance in connection with the Tender Offer relating to tendering procedures and payments for tendered Shares shall be directed to the Tender and Paying Agent.

Neither the delivery of this Tender Offer Memorandum nor any purchase of Shares in the Tender Offer will, under any circumstances, imply that the information contained in this Tender Offer Memorandum is current as of any time subsequent to the date the Tender Offer Memorandum or that there has been no change in the information or in the affairs of the Purchaser or MTS since the date of this Tender Offer Memorandum.

Shareholders should be aware that the sale of Shares and receipt of the Purchase Price pursuant to the Tender Offer may have certain tax consequences, and they are urged to consult their tax advisors at their own expense with respect to those consequences in considering the Tender Offer.

General enquiries in relation to the Tender Offer and the Group may be directed to:

**Investor Relations Department**

Email: [ir@mts.ru](mailto:ir@mts.ru)

Telephone: 7 (495) 223-20-25

**Corporate Finance and Treasury Director**

Alexander Smirnov

Email: [kazna@mts.ru](mailto:kazna@mts.ru)

Copies of this Tender Offer Memorandum and the Tender Instruction are available at a dedicated website at [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer).

7 August 2024

## CONTENTS

<b>SUMMARY TERM SHEET</b> .....	5
<b>INTRODUCTION</b> .....	14
<b>TIMETABLE OF EXPECTED EVENTS</b> .....	17
<b>FORWARD-LOOKING STATEMENTS</b> .....	18
1. Purpose and Background of the Tender Offer .....	20
2. Certain Effects of the Tender Offer and Potential Risks for Shareholders .....	22
3. Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration.....	26
4. Certain Conditions of the Tender Offer .....	28
5. Procedures for Tendering Shares.....	29
6. Payment for Shares .....	32
7. Certain Information Concerning the Purchaser .....	32
8. Certain Legal Matters and Regulatory Approvals .....	32
9. Certain Taxation Matters .....	33
10. Amendments; Extension of Tender Period; Termination .....	40
11. The Tender and Paying Agent .....	41
12. Miscellaneous.....	41
13. Additional Information.....	41
14. Definitions .....	41



## TIMETABLE OF EXPECTED EVENTS

*The times, dates and events shown in this table are subject to change at the sole and absolute discretion of the Purchaser.*

<b>DAY</b>	<b>EVENT</b>
7 August 2024	Announcement of the Tender Offer and commencement of the Tender Offer period
12:00 p.m., Moscow time on 6 September 2024	Deadline for submission of Tender Instructions by Shareholders (the Expiration Time)
By 12 September 2024	Announcement of the results of the Tender Offer and pro-rata (if any) (within 4 Business Days following the Expiration Time)
13 September 2024	Dispatch of the accepted Tender Instructions specifying the number of Shares to be purchased by the Purchaser from the relevant Shareholder countersigned by the Purchaser (the Agreement Date ( <i>Дата совершения сделки</i> )). The Agreement Date will be specified by the Purchaser on the last page of the Tender Instruction
13 September 2024 – 20 September 2024	Transfer of Shares accepted for purchase to the Purchaser ( <u>by no later than the fifth Business Day</u> following the Agreement Date)
20 September 2024 – 27 September 2024	Payment of the Purchase Price for Shares accepted for purchase and transferred to the Purchaser ( <u>by no later than the fifth Business Day</u> following receipt of the Shares by the Purchaser pursuant to the applicable Tender Instruction)
On or about 30 September 2024	Announcement of completion of the Tender Offer (as soon as reasonably practicable upon completion of settlement procedures with respect to the sale and purchase of Shares accepted for purchase by the Purchaser)

## FORWARD-LOOKING STATEMENTS

Some of the information contained in this Tender Offer Memorandum may contain forward-looking statements. All statements other than statements of historical facts that are included in this Tender Offer Memorandum, as well as statements made in any supplement to this Tender Offer Memorandum, in presentations, in response to questions or otherwise, that address activities, events or developments that the Purchaser or MTS expects or anticipates to occur in the future, including but not limited to such matters as projections, future capital expenditures, business strategy, competitive strengths, goals, future acquisitions, development of operational assets, market and industry developments and the growth of business and operations of MTS (often, but not always, through the use of words or phrases such as “forecasts”, “anticipates,” “estimates,” “expects,” “believes,” “intends,” “plans,” “may,” “will,” “should”, “strives”, “continues”, “assumes”, “projects” and similar expressions), are forward-looking statements. Any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to the following important factors, among others, that could cause the actual results of MTS to differ materially from those projected in such forward-looking statement:

- the effect of the Tender Offer on the financial condition, results of operations, business and prospects of MTS;
- changes in the political, social, legal or economic conditions in Russia;
- the effects of, and changes in, the policies and composition of the Russian governmental authorities;
- the current geopolitical environment, including tensions resulting from the recent events in Ukraine;
- Sanctions or Russian Restrictions that limit movement of funds, restrict access to capital markets or curtail MTS’s ability to conduct its business;
- general industry trends;
- changes in the costs of energy, transportation and labor;
- changes in the ability of MTS to fund their future operations and capital needs through borrowing or otherwise;
- changes in the ability of MTS to successfully implement any of its business or financing strategies;
- changes in the ability of MTS to integrate its businesses, including recently acquired businesses, and to realize anticipated cost savings and operational benefits from such integration;
- changes in the ability of MTS to form strategic alliances or to implement acquisition or divestiture plans;
- the impact of any MTS expansion on its revenue potential, cost basis and profit margins;
- changes in the ability of MTS to obtain the licenses and permissions necessary for its businesses;
- developments in, or changes to, the laws, regulations and governmental policies governing the businesses of MTS;
- risks related to telecommunications, fintech, retail and media businesses;
- growth in demand for services of MTS;
- changes in consumer preferences or demand for MTS’s products;
- the acceptance of new products and services by customers;
- the effects of competition (the highly competitive nature of the industry and changes to MTS’s business resulting from increased competition);
- the effects of changes in law, regulations, taxation or accounting standards and practices;
- the effects of any regulatory or legal proceedings;
- unanticipated changes in operating expenses, liquidity needs and capital expenditures;
- the declaration or payment of dividends or interest on capital;
- the effects of international political and geopolitical events;
- inflation, interest rate or exchange rate fluctuations;

- breach of obligations by contractors or suppliers;
- the rapid technological changes in the industry;
- the lack of qualified employees; and
- the success of MTS in identifying other risks to its businesses and managing the risks of the aforementioned factors.

The list of important factors outlined above is not exhaustive. Neither the Purchaser nor MTS makes any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, the Shareholders should not place undue reliance on these forward-looking statements.

Any forward-looking statement speaks only as of the date on which it is made, and, subject to applicable law, neither the Purchaser nor MTS undertakes any obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Purchaser or MTS to predict all of them; nor can the Purchaser or MTS assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

## 1. Purpose and Background of the Tender Offer

The Tender Offer is being conducted on the basis of a decision of MTS's Board of Directors (the "**Board of Directors**") to adjust MTS's equity capital markets strategy and in particular to allow Shareholders whose rights have been restricted with an opportunity to dispose of their Shares partially or fully via an efficient instrument that would allow Shareholders to tender their Shares in order to provide them with liquidity in respect of such Shares, which may be currently inaccessible for certain groups of Shareholders.

MTS performed a comprehensive analysis of the current equity markets environment, MTS's capital markets positioning and its relationship with its shareholders, as well as the impact of the proposed transaction on the Group's financial position. The analysis included the following factors:

- **Unfavorable geopolitical and equity capital market environment:** Russian and global equity markets have experienced a period of substantial turbulence due to geopolitical tensions as well as macroeconomic and political uncertainty. This has led to significant pressure on certain institutional investors to divest their investments in companies operating in Russia;
- **International sanctions:** Sanctions imposed by certain state authorities, financial market infrastructure providers and intermediaries limit the ability of shareholders to exercise their shareholder rights and receive full economic benefits from their investments in Russian securities;
- **Russia's counter measures:** Russian Restrictions introduced by Russian authorities in response to Sanctions and as part of measures to stabilise and support the Russian financial and currency markets, which, *inter alia*, impose various restrictions on transacting with non-Russian counterparties;
- **Intention of investors to dispose of Russian securities:** a number of international investors have publicly expressed their interest in disposing of all Russia-related securities, including index funds or other funds investing in Russian assets if and when such opportunity arises. For example, global index providers including MSCI have either frozen their Russia benchmarks or removed Russian securities, including the Shares and ADRs from their indices. This has adversely affected funds that track such indices;
- **Available financial resources:** as of 31 March 2024, the Group's consolidated Net Debt / LTM of adjusted OIBDA ratio was 1.9x. Assuming that the Maximum Number of Shares is purchased in the Tender Offer, the Purchaser or the Group would not breach existing credit covenants;
- **Capital allocation alternatives:** the proposed transaction will have neither an adverse effect on MTS's ability to pursue immediate investment or business development opportunities nor a material effect on its current dividend policy.

Having considered the above, it was decided to consider available options to provide Shareholders, including in particular those whose rights have been restricted, with an opportunity to dispose of their Shares and obtain a return of capital invested in such Shares. The following factors have been taken into account as part of the evaluation:

- the existing Russian Restrictions on certain groups of international investors;
- regulatory approvals required to be obtained in order to implement various options that may allow the Shareholders to dispose of their Shares partially or fully;
- restrictive measures imposed by certain supra-national bodies, state authorities, financial market infrastructure providers and intermediaries;
- the potential impact on MTS's financial and credit indicators;
- implications for remaining shareholders of MTS who do not dispose of their Shares fully;
- previous experience of other Russian and other similarly situated companies.

Based on the results of such preliminary analysis, MTS's management decided to further evaluate a share buyback by way of a public tender offer addressed to all eligible shareholders of MTS. In order to maximize participation of Shareholders whose rights or liquidity have been restricted and to provide them with an opportunity to dispose of their Shares in the Tender Offer, MTS was required to obtain the approval of the Government Commission for certain terms of the Tender Offer.

An application with the Russian state authorities was filed for approval of certain terms of the Tender Offer, including the Purchase Price, as well as the terms and conditions for payments for tendered Shares and transfer of purchased Shares to the Purchaser. In such application process, MTS took all reasonable efforts to

secure the best possible outcome for participants in the Tender Offer. MTS notes that the limit on the Purchase Price has been set in accordance with the approval granted by the Government Commission.

Among other matters, there are certain exemptions, approved by the Government Commission with regard to the Tender Offer, from which the participants of the Tender Offer will benefit, in particular:

- non-resident shareholders whose Shares are held in a Type ‘S’ Depo Account or who are otherwise subject to restrictions on transfers due to certain dealings having occurred after 1 March 2022 will be able to tender their Shares;
- non-resident shareholders whose Shares are held in a Type ‘S’ Depo Account or who are otherwise subject to restrictions on transfers due to certain dealings having occurred after 1 March 2022 and whose Shares have been tendered and accepted for purchase by the Purchaser in the Tender Offer will be able to transfer such Shares to the Depo Account of the Purchaser; and
- non-resident shareholders whose Shares are held in a Type ‘S’ Depo Account or who are otherwise subject to restrictions on transfers due to certain dealings having occurred after 1 March 2022 and whose Shares have been acquired by the Purchaser in the Tender Offer will be able to receive the total Purchase Price for such Shares in Russian rubles or, with respect to non-resident Shareholders only, any Alternative Currency in their bank accounts in the Russian Federation or abroad.

It is the Purchaser’s understanding that Shareholders who elect to receive the total Purchase Price in their bank accounts in the Russian Federation may potentially be required to obtain certain other approvals from relevant Russian state authorities in order to exchange the relevant amount into foreign currencies and/or transfer the relevant amount abroad. It will be the sole responsibility of the relevant Shareholders to apply for such approvals.

By the resolution of the Board of Directors dated 21 December 2023, as amended on 7 August 2024 the Board of Directors as part of the ongoing development of MTS’s capital markets strategy approved the structure of the Tender Offer, its terms and conditions, the matters described above as well as certain other matters of relevance.

The structure of the Tender Offer allows each eligible Shareholder, assuming it has elected to participate in the Tender Offer, to divest its Shares depending on its own specific circumstances and limitations applicable thereto, subject to practical considerations as set out in this Tender Offer Memorandum (see Section 2 “*Certain Effects of the Tender Offer and Potential Risks for Shareholders*” and Section 5 “*Procedures for Tendering Shares*”).

It should be noted that certain risks and challenges are inherent in executing the Tender Offer and the overall capital market strategy of MTS in the current environment as well as the effects of the Tender Offer, including those discussed in Section 2 “*Certain Effects of the Tender Offer and Potential Risks for Shareholders*”.

It is MTS’s assessment that the Tender Offer is an appropriate instrument for the Shareholders to tender their holdings in the Shares and if accepted, to dispose of their Shares partially or fully. As a result of the Tender Offer:

- MTS’s Shareholders will have an opportunity to reduce or dispose of their shareholdings in MTS at the Purchase Price, which has been set in accordance with the approval granted by the Government Commission;
- MTS’s Shareholders whose Shares are held in Type ‘S’ Depo Account or who are otherwise subject to restrictions on transfers due to certain dealings having occurred after 1 March 2022 and whose Shares have been purchased by the Purchaser in the Tender Offer will be able to receive cash consideration for their Shares;
- Shareholders whose rights to receive dividends or other rights (including the right to dispose of their Shares) have been restricted thus negatively affecting the liquidity of Shares will have an opportunity to obtain a return of capital on their Shares;
- MTS will maintain a net debt leverage of the Group that is not expected to negatively affect its operations;
- MTS does not plan to reevaluate the Group's immediate investment opportunities or its approved dividend policy;
- MTS will remain a public company with the Shares listed on the Moscow Exchange.

The Tender Offer was approved by the resolution of the Board of Directors dated 21 December 2023, as amended on 7 August 2024 and a resolution of the Purchaser's sole participant dated 5 February 2024, as amended on 7 August 2024.

As part of the initial tender offer announced on 27 April 2024 and completed in July 2024 (the "**Initial Tender Offer**") the Purchaser acquired 26,211,866 Shares, or approximately 1.31% of total issued Shares. The Initial Tender Offer generated a substantial interest from the Shareholders representing over 30 accounts from the US, Great Britain, the EU and Asia, including those who held the Shares through Euroclear Bank SA/NV. Settlement procedures have been successfully completed in July 2024 with the Shareholders receiving the total Purchase Price for sold Shares in Euros in their bank accounts abroad.

On 2 August 2024, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) extended the term of its previously issued general licenses No. 99 and No. 100, authorizing the operations with Moscow Exchange, National Clearing Centre – the clearing house settling exchange trades – and NSD – the Russian central securities depository – ("**OFAC General Licenses**") from 13 August 2024 until 12 October 2024<sup>1</sup>. The UK Office of Financial Sanctions Implementation (OFSI) extended its general license No. INT/2024/4919848 covering operations with NSD ("**OFSI General License**") from 13 August 2024 until 12 October 2024<sup>2</sup>.

Given the recent issuance and extension of OFAC General Licenses and OFSI General License, it is the Purchaser's understanding that participation in the additional Tender Offer is appropriate for Shareholders, who would like to dispose of their Shares, but for one reason or another have been unable to participate in the Initial Tender Offer.

## **2. Certain Effects of the Tender Offer and Potential Risks for Shareholders**

In deciding whether or not to tender their Shares in the Tender Offer, Shareholders are urged to consider the information below, together with the other information contained in this Tender Offer Memorandum.

***Holders who tender Shares in the Tender Offer will forego any potential increase in the value of such Shares following the Tender Offer***

By tendering their Shares, Shareholders will forego any potential increase in the value of such Shares following the Tender Offer, including obtaining the full trading value on the Moscow Exchange and including any increase in value in the event of any relaxation of Sanctions and/or the Russian Restrictions and/or improvement in market conditions. There can be no assurance as to the future market value of the Shares.

***Shareholders who do not tender their Shares in the Tender Offer will remain shareholders of MTS and will bear the attendant risks associated with holding the Shares***

To the extent that Shareholders retain an equity interest in MTS, either because they did not participate in the Tender Offer or tendered only part of their holdings of Shares, or due to pro-ration, they will continue to be holders of the Shares. As a result, those Shareholders will bear the attendant risks associated with holding the Shares. Sales of non-tendered Shares in the future on the Moscow Exchange or otherwise may be at a net price significantly higher or lower than the Purchase Price, and no assurance can be given as to the price at which a Shareholder may be able to sell his or her Shares in the future. Such sales might also be hampered or restricted by Sanctions, Russian Restrictions or otherwise. In addition, the Tender Offer may result in a reduction of the overall liquidity of the Shares, which could affect the ability of Shareholders to freely trade their Shares without potential adverse consequences on their value.

***Shares acquired by the Purchaser and retained by the Purchaser or another member of the Group will be held by the Purchaser or another member of the Group and will provide such member of the Group with all rights generally available to the Shareholders***

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<sup>1</sup> [Issuance of Russia-related General Licenses | Office of Foreign Assets Control \(treasury.gov\)](#).

<sup>2</sup> [OFSI General licence INT/2024/4919848 - GOV.UK \(www.gov.uk\)](#).

Following completion of the Tender Offer, the Purchaser may hold the Shares acquired in the Tender Offer or transfer them to another member of the Group. Any member of the Group holding the Shares will retain all rights attached to the Shares generally available to the Shareholders, including voting rights.

Any Shares acquired by the Purchaser will be available for future resale. Any resale, or the possibility of resale, of these Shares in the future could adversely affect the trading prices of the Shares overall.

The Purchaser has not yet taken any decision with respect to the Shares repurchased in the Tender Offer and would consider the available options and make the relevant decision in due course.

***The Tender Offer may cause one or more index providers to exclude the Shares from their index or cut its weight, which may materially affect MTS's share price and liquidity***

The Shares are currently included in several local indices (including the MOEX Russia Index & RTS Index and the MOEX Blue Chip Index). These indices are used as benchmarks for investments by a number of institutional investors, including those who use a passive investment approach, such as ETFs. While the criteria for including or excluding a particular security from an index, or for changing the weight given to it in the index, varies from one index provider to another, one of the key elements taken into account by many of the indices is the size of the security's free float (the amount held by public shareholders). It is the Purchaser's understanding, based on relevant enquiries with MTS, that the Tender Offer may cause MTS's free float to fall below the threshold necessary to sustain the pre-Tender Offer weight in the relevant indices. As a result, it is possible that the Tender Offer will cause one or more of these index providers to reduce the weight given to the Shares in the index after the completion of the Tender Offer. Any such action could cause institutional investors who use these indices as a benchmark to decide to sell the Shares they hold, which may have a material adverse effect on the price and liquidity of the Shares.

***The Tender Offer may result in a review and downgrade of MTS's credit rating for a period following the completion of the Tender Offer***

MTS currently has credit ratings of ruAAA (with stable outlook) from Expert RA and AAA.ru (with stable outlook) from National Credit Ratings. While the determination of credit ratings is based on many factors, it is the Purchaser's understanding, based on relevant enquiries with MTS, that, depending on the number of Shares tendered, the Tender Offer may cause certain of MTS's financial metrics to fall below the levels assumed by the credit rating agencies in determining their ratings. As a result, it is possible that the Tender Offer will result in the credit rating agencies reviewing and downgrading MTS's credit ratings for a period following the completion of the Tender Offer.

***The Tender Offer is being conducted in a heightened Sanctions environment***

While it is the Purchaser's assessment that, based on the facts available to the Purchaser as of the date of this Tender Offer Memorandum, neither the Purchaser nor MTS is a Sanctioned Person (as defined in Section 15 "Definitions"), a tightening of Sanctions or a more conservative interpretation of the restrictions applied by Sanctions by third parties (including the financial intermediaries involved in the Tender Offer) could have an adverse impact on the conduct and settlement of the Tender Offer. Given the fact that the term of OFAC General Licenses and OFSI General License has been already extended from 13 August 2024 until 12 October 2024, there is no assurance that it will be further extended. Accordingly, specific OFAC's and OFCI's licenses will have to be obtained by the Shareholders in order to consummate transfers of their Shares involving Moscow Exchange, National Clearing Centre and NSD past this deadline. With regard to this aspect and other operational aspects of the Tender Offer, Shareholders are urged to consider such aspects carefully and to consult with professional advisers (if need be), including the accounts being used for settlements, in light of the potential Sanctions implications on the processing of the relevant operations.

***The ability of the Purchaser to complete the Tender Offer is subject to Russian Restrictions and all necessary approvals being procured and maintained***

Although the Government Commission has approved the Tender Offer as required by Russian Restrictions, it cannot be excluded that, before the Tender Offer is completed, Russian Restrictions might be expanded or interpreted or applied in a way that results in new restrictions related to the Tender Offer and the transactions contemplated thereby, preventing the Purchaser from completing the Tender Offer at all or unless additional approvals are obtained from the Government Commission and other Russian authorities. To the extent any such additional approvals are delayed or withheld, the Purchaser may not be able to perform its obligations under the Tender Offer. Accordingly, in such a case, the Purchaser could be precluded from completing the transactions contemplated by the Tender Offer with such Shareholders or with respect to such Shares.

Non-resident Shareholders should note that if they elect to receive the Purchase Price in their bank accounts in the Russian Federation, additional approvals of the Russian authorities may be required to exchange such

amount into non-Russian currencies and/or transfer such amount abroad. Non-resident Shareholders will be solely responsible for obtaining any such approvals.

***Certain Shareholders may be restricted in their ability to tender Shares in the Tender Offer due to their particular circumstances, including those related to the place of safekeeping of their Shares***

While in accordance with applicable regulatory requirements the Tender Offer is made to all Shareholders, certain Shareholders that hold Shares through international clearing and settlement depositories, other than Euroclear Bank SA/NV, could face practical restrictions on their ability to tender Shares in the Tender Offer in light of the ongoing disruption of the international clearing and settlement infrastructure. Shareholders are urged to consult their legal, financial and other professional advisers with regard to the operational aspects of tendering their Shares held through international clearing and settlement depositories, other than Euroclear Bank SA/NV, before submitting a Tender Instruction.

***The Tender Offer is addressed to Shareholders and not to ADR holders directly***

The Tender Offer is addressed to holders of Shares. In order to participate in the Tender Offer, holders of ADRs must first withdraw the Shares underlying their ADRs. On 9 June 2022, MTS notified the Depository Bank of its intention to terminate the depository agreement relating to the ADRs. On 23 August 2022, MTS announced that the ADRs were delisted from the New York Stock Exchange effective 8 August 2022. There are certain Russian regulations and instructions of the Russia's authorities that may restrict the ability of certain ADR holders to withdraw their underlying Shares. Holders of ADRs should consult with the Depository Bank and their brokers regarding the procedures and steps required to withdraw the Shares underlying ADRs in order to participate in the Tender Offer. Accordingly, holders of ADRs cannot tender their ADRs in the Tender Offer and can only participate in the Tender Offer by tendering Shares that have been withdrawn from the ADR programme as a result of the conversion of ADRs into Shares.

***The Purchaser, acting as a tax agent under Russian law with respect to the payment of the Purchase Price in relation to Shares sold by the Shareholders who are individuals, will be obligated to withhold the applicable tax from the full amount of the Purchase Price if such Shareholders fail to provide documents confirming the costs at which they acquired the Shares sold in the Tender Offer or that they are eligible for an available exemption***

As required by Russian law, the Purchaser will, subject to limited exceptions, act as a tax agent with respect to the payment of the Purchase Price in relation to Shares sold by Shareholders who are individuals ("**individual Shareholders**"). The applicable tax rate will depend on whether an individual Shareholder is resident or non-resident in Russia and the applicable tax base will depend on whether there are any exemptions/deductions available or whether the relevant Shareholder can confirm the costs at which it acquired the shares that are sold in the Tender Offer.

If individual Shareholders do not provide the documents confirming the acquisition costs of the Shares or the applicability of an available tax exemption/deduction, or provide an incomplete set of documents or documents that are not properly certified, in each case prior to the Expiration Time, the Purchaser will be obliged to withhold the amount of the applicable tax (which is 13%, and 15% on the tax base exceeding five million Russian rubles, for Russian residents and 30% for non-residents or individuals who do not confirm that they are Russian tax residents) from the full amount of the Purchase Price payable to such Shareholders.

***Risks Relating to Settlement in Alternative Currencies***

Non-resident tendering Shareholders who elect to receive the Purchase Price in the Alternative Currency should note that there may be Sanctions-related, Russian Restrictions-related, infrastructure, operational or other issues that may affect the Purchaser's ability to make payment for the relevant Shares in the elected Alternative Currency when due or at all.

In accordance with the terms of the Tender Instructions, non-resident tendering Shareholders must elect a priority currency (the "**Priority Currency**") and may elect one or more fallback currency(ies) (the "**Fallback Currencies**") in which they wish to receive the Purchase Price attributable to the relevant Shares. Accordingly, the Purchaser will proceed with the payment of the full amount of the Purchase Price to such Shareholders in the following order:

- firstly, in the elected Priority Currency unless, in the sole and absolute opinion of the Purchaser, it is or would become likely impossible or impracticable for the Purchaser to make payments in such currency or where the making of payments in such currency could, in the sole and absolute opinion of the Purchaser, result in such funds being blocked or frozen;
- secondly, if elected, in the First-Pick Fallback Currency unless, in the sole and absolute opinion of the Purchaser, it is or would become likely impossible or impracticable for the Purchaser to make payments



in such currency or where the making of payments in such currency could, in the sole and absolute opinion of the Purchaser, result in such funds being blocked or frozen;

- thirdly, if elected, in the Second-Pick Fallback Currency unless, in the sole and absolute opinion of the Purchaser, it is or would become likely impossible or impracticable for the Purchaser to make payments in such currency or where the making of payments in such currency could, in the sole and absolute opinion of the Purchaser, result in such funds being blocked or frozen; or
- fourthly, if elected, in the Third-Pick Fallback Currency.

If, in the sole and absolute opinion of the Purchaser, it is or would become likely impossible or impracticable for the Purchaser to make payments in the Priority Currency (where it is the sole currency of payment elected by the relevant Shareholder) or all of the elected Priority Currency and Fallback Currencies (if any) or where the making of payments in such currency(ies) could, in the sole and absolute opinion of the Purchaser, result in such funds being blocked or frozen, the Purchaser may initiate bilateral negotiations between the Purchaser and the relevant Shareholder on the currency of payment of the Purchase Price attributable to the relevant Shares. If such currency has not been agreed upon by the Agreement Date, the Purchaser has a right to reject the relevant Shareholder's Tender Instruction. Therefore, all non-resident Shareholders wishing to receive the Purchase Price in the Alternative Currency are encouraged to elect Fallback Currency(ies) to avoid the risks of delayed payment for the tendered Shares or the Tender Instruction being rejected.

Payment of the total Purchase Price in U.S. dollars, CNY or UAE Dirham is subject to confirmation of the Tender and Paying Agent. Therefore, tendering Shareholders wishing to receive the Purchase Price in U.S. dollars, CNY or UAE Dirham are encouraged to elect to receive the Purchase Price at least in one another Alternative Currency (i. e. in Euros or Russian rubles), in case the payment of the Total Purchase Price in U.S. dollars, CNY or UAE Dirham is not confirmed by the Tender and Paying Agent. Otherwise, it is likely to become impossible for the Purchaser to make outgoing payments in U.S. dollars, CNY or UAE Dirham for accepted Shares when due or at all.

***No assurance that the Tender Offer will be completed***

Until such time (if any) as the tendered Shares are accepted by the Purchaser and are transferred thereto, no assurance can be given that the Purchaser will purchase any Shares, even if validly tendered pursuant to the Tender Offer, or pay the Purchase Price. The completion of the Tender Offer may not occur for any reason or if any of the conditions referred to in Section 4 "*Certain Conditions of the Tender Offer*" have not been satisfied.

***Exchange rates between the Russian ruble and the Alternative Currencies are volatile***

Shareholders should note that the exchange rates between the Russian ruble and the Alternative Currencies are volatile. In particular, from 1 January 2023 to 6 August 2024 the Russian ruble traded against U.S. dollar in the range of 70.3 – 84.95, against the Euro in the range of 75.1– 93.04 and against the Chinese renminbi in the range of 10.3 – 11.83, in each case based on Moscow Exchange data. No assurance can be given as to the Russian ruble/relevant Alternative Currency exchange rate that will be in effect on the Agreement Date.

***Responsibility for complying with the procedures of the Tender Offer***

Shareholders are responsible for complying with all of the procedures for submitting a Tender Instruction, including any deadlines imposed by any intermediary for a Shareholder to be able to participate in the Tender Offer. Failure by a Shareholder to comply with the procedures described herein will result in an invalid tender of Shares and, accordingly, such Shareholder's tendered Shares will not be accepted for purchase or purchased unless the relevant requirement have been waived by the Purchaser. None of the Purchaser, MTS, MTS's Board of Directors or MTS's management board or any other person is or will be obligated to give any notice of any defect or irregularity in any tender, and none of them will incur any liability for failure to give any such notice.

***Shareholders may experience certain logistical difficulties when delivering physical copies of documentation required to participate in the Tender Offer***

Although Shareholders may submit Tender Instructions and other documents set out in the Tender Offer Memorandum and the Tender Instructions by email, they are required to submit without delay two originals of the Tender Instruction and originals or notarized copies of other submitted documents by courier or post to the address of the Purchaser. The majority of international courier delivery services suspended their activity in the Russian Federation, and the Shareholders are encouraged to look for appropriate courier or postal services providers sufficiently in advance of the deadlines established for the submission of the documents. Each Shareholder is solely responsible for the identification and engagement of such providers.

***Responsibility to consult advisers***

Each Shareholder is solely responsible for assessing the merits and risks of the Tender Offer. Shareholders should consult their own tax, accounting, financial and legal advisers as needed to assist them in making an investment decision and regarding the consequences (tax, accounting or otherwise) of participating in the Tender Offer and to advise them whether they are legally permitted to participate in the Tender Offer.

### **3. Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration**

**A. Overview of the Tender Offer.** Upon the terms and subject to the conditions of the Tender Offer (including, if the Tender Offer is extended or amended, the terms and conditions of any such extension or amendment), the Purchaser will purchase for cash, without interest, from the Shareholders up to the Maximum Number of Shares, at a purchase price of 95.0 Russian rubles per Share (or its equivalent in an Alternative Currency based on the relevant CBR exchange rate effective on the Agreement Date). The Purchase Price represents a cash discount of 126.0 Russian rubles or 57% with respect to the closing price (main trading session) per Share on the Moscow Exchange on 6 August 2024. Shareholders are urged to obtain current market quotations for the Shares. Shareholders should note that the cash discounts referenced herein do not take account of applicable fees, expenses and taxes and the net proceeds actually received may be significantly lower.

Holders of Shares should note that the Purchase Price will be paid in Russian rubles to resident Shareholders and in Russian rubles or any Alternative Currency (at the sole discretion of the relevant tendering Shareholder but subject to the terms and conditions set out herein and in a Tender Instruction, or as otherwise agreed between the Purchaser and the relevant Shareholder) at the relevant CBR exchange rate in effect on the Agreement Date to non-resident Shareholders. The exchange rates of the Russian ruble against the Alternative Currencies are volatile. No assurance can be given as to the Russian ruble/relevant Alternative Currency exchange rate that will be in effect on such date.

A Shareholder may (but is not obligated to) tender all of its Shares, or any portion thereof. Alternatively, a Shareholder may choose to tender none of its Shares (in which case no action on such Shareholder's part is required).

The Tender Offer will commence on 7 August 2024 and will expire at 12:00 p.m. Moscow time on 6 September 2024, unless the Purchaser, in its sole discretion, extends the period of the Tender Offer. Expiration Time means 12:00 p.m., Moscow time on 6 September 2024, or the date as to which the Tender Offer is so extended. If the Expiration Time of the Tender Offer is extended, the Purchaser will issue or procure to be issued a press release (See Section 10 "*Amendments; Extension of Tender Period; Termination*").

The Purchaser reserves the right to amend or extend the Tender Offer in its sole discretion at any time prior to the Expiration Time (including to decrease the Maximum Number of Shares) or terminate the Tender Offer in its sole discretion if certain conditions are not satisfied or for any other reason at any time prior to or after the Expiration Time. (See Sections 4 "*Certain Conditions of the Tender Offer*" and 10 "*Amendments; Extension of Tender Period; Termination*"). The Purchaser will not be obligated to purchase Shares pursuant to the Tender Offer under certain circumstances (See Section 4 "*Certain Conditions of the Tender Offer*").

MTS, the Purchaser or any other member of the Group may purchase Shares, as disclosed in this Tender Offer Memorandum or pursuant to the Tender Offer, during the period in which the Tender Offer is open for submission of tenders, subject to applicable laws.

**B. Purchase Price.** The purchase price will be 95.0 Russian rubles per Share (or its equivalent in an Alternative Currency based on the relevant CBR exchange rate effective on the Agreement Date) and will be payable in cash, it being understood that the Purchase Price will be paid in Russian rubles to resident Shareholders and in Russian rubles or any Alternative Currency (at the sole discretion of the relevant tendering Shareholder but subject to the terms and conditions set out herein and in a Tender Instruction, or as otherwise agreed between the Purchaser and the relevant Shareholder) at the relevant CBR exchange rate in effect on the Agreement Date to non-resident Shareholders. No Shareholder will be entitled to any payment in excess of the Purchase Price with respect to each Share tendered and accepted for purchase (without regard to the conversion of Russian rubles into an Alternative Currencies required to effect payments for Shares to non-resident Shareholders who have elected to receive payments for Shares in the Alternative Currency). No Shareholder will be entitled to any payment of accrued or other interest with respect to the Purchase Price under any circumstances. Shareholders will not receive any other form of compensation in the event of a delay in the delivery of the Purchase Price to the tendering Shareholders whose Shares have been accepted for purchase.

The Purchase Price has been set in accordance with the approval granted by the Government Commission.

The Purchaser has entered into an intragroup financing arrangement to finance the acquisition of the Shares in the Tender Offer and the amount equivalent to the total Purchase Price with respect to the Maximum Number of Shares has been credited to its bank accounts.

**C. Number of Shares.** The Purchaser is inviting Shareholders to submit tenders to sell for cash up to the Maximum Number of Shares, in the aggregate, as may be adjusted pursuant to the terms of this Tender Offer Memorandum (see Section 3.D (“*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration — Pro-Ration*”))).

- (a) Neither the Purchaser, nor any of its affiliates, will or intends to acquire, alone or in the aggregate, more than 75% of issued and outstanding Shares as a result of the Tender Offer, including Shares already held by the Purchaser and its affiliates. If at the Expiration Time, the Purchaser, together with its affiliates, holds such number of Shares that, together with the number of Shares validly tendered, will amount to more than 1,498,786,181 Shares, the Purchaser will only acquire such number of Shares validly tendered and accepted for purchase, that together with the Shares held by the Purchaser and its affiliates, will, following the completion of the Tender Offer, be no more than 1,498,786,181 Shares, and the Maximum Number of Shares will be reduced accordingly (the “**Adjusted Maximum Number of Shares**”). If the number of Shares validly tendered exceeds the Adjusted Maximum Number of Shares, the Shares subject to validly tendered Tender Instructions not rejected by the Purchaser will be acquired on a pro rata basis as described in Section 3.D “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration - Pro-Ration*” below. Accordingly, the acquisition of the Maximum Number of Shares or the Adjusted Maximum Number of Shares, as applicable, will not trigger a mandatory tender offer for Shares under Russian law.
- (b) If the Maximum Number of Shares is purchased in the Tender Offer, the aggregate Purchase Price of the Shares so purchased will equal 5,481,984,690 Russian rubles (without regard to the conversion of Russian rubles into the Alternative Currencies required to effect payments for Shares to non-resident Shareholders who have elected to receive payments for Shares in the Alternative Currency).
- (c) In accordance with the tender offer rules under the Exchange Act, the Purchaser may increase the number of Shares accepted for payment in the Tender Offer by no more than 2% of the issued share capital without amending or extending the Tender Offer.

As of the date of this Tender Offer Memorandum, there were 1,998,381,575 Shares issued and outstanding.

**D. Pro-Ration.** If more than the Maximum Number of Shares are validly tendered pursuant to the Tender Offer (including if the Maximum Number of Shares is reduced as described in Section 3.C “*Overview of the Tender Offer; Purchase Price; Number of Shares; Pro-Ration – Number of Shares*”), Shares subject to such validly tendered Tender Instructions not rejected by the Purchaser will be purchased on a *pro rata*, or proportional, basis. Pro rata allocations shall be calculated by multiplying the number of Shares validly tendered by the tendering Shareholder by a factor equal to (i) the Maximum Number of Shares divided by (ii) the aggregate amount of Shares validly tendered. Such pro ration will apply to each Depo Account, Depository Receipt Programme Custody Account or Other Account specified in the Tender Instruction (with downward adjustments where necessary to avoid the purchase of fractional Shares).

Subject to Section 3.C(c) above, the following rules will apply to the calculation of the number of Shares to be purchased by the Purchaser and, if applicable, the pro-ration:

The number of Shares held on a particular Depo Account, Depository Receipt Programme Custody Account or Other Account that will be purchased from the Shareholder that has validly tendered Shares prior to the Expiration Time, will be calculated as follows:

$$Y = Z * K$$

where Y represents the number of Shares held on a particular Depo Account, Depository Receipt Programme Custody Account or Other Account that will be purchased from the Shareholder, which will be adjusted downwards where necessary to avoid the purchase of fractional Shares;

Z represents the number of Shares held on a particular Depo Account, Depository Receipt Programme Custody Account or Other Account of the Shareholder, validly tendered by such Shareholder and that are subject to the Tender Instruction not rejected by the Purchaser;

K represents the pro-ration rate calculated pursuant to the below formula:

$$K = \text{Maximum Number of Shares} / X$$

where K represents the pro-ration rate (rounded to ten decimal places);

X represents the total number of Shares validly tendered prior to the Expiration Time pursuant to this Tender Offer Memorandum and subject to the Tender Instructions not rejected by the Purchaser.

The Purchaser will announce or procure to be announced the results of the Tender Offer and the pro-ration in a press release and on the designated website [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer) within 4 Business Days following the Expiration Time.

#### 4. Certain Conditions of the Tender Offer

Notwithstanding any other provisions of the Tender Offer, and in addition to (and not in limitation of) the Purchaser's right to amend or extend the Tender Offer in its sole discretion at any time prior to the Expiration Time (including to decrease the Maximum Number of Shares) or terminate the Tender Offer in its sole discretion for any other reason at any time prior to or after the Expiration Time, the Tender Offer is subject to several conditions, which the Purchaser may waive in its sole discretion. In particular, the Purchaser will not be required to accept for purchase, and may delay the acceptance for purchase or payment for, any tendered Shares, if:

- any action or proceeding has been instituted or threatened that would, in the Purchaser's reasonable judgment, impair the Tender Offer;
- the Purchaser has not obtained all consents, approvals, waivers or amendments from third parties necessary to permit the consummation of the Tender Offer;
- acceptance for purchase or payment for any Shares pursuant to the Tender Offer would violate any law or regulation applicable to the Purchaser or MTS, including any Russian Restrictions, Sanctions or any order or prescription by a regulator or other competent authority, or any contractual obligations of MTS or members of the Group in relation to compliance with the Russian Restrictions or Sanctions;
- there has occurred or be likely to occur any event affecting the business, financial affairs, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Purchaser or MTS, or their respective subsidiaries or affiliates, that, in the sole judgment of the Purchaser, would or might prohibit, prevent, restrict or delay consummation of the Tender Offer, or that will, or is reasonably likely to, materially impair the contemplated benefits of the Tender Offer to the Purchaser, MTS or Shareholders as a group, or otherwise result in the consummation of the Tender Offer not being or reasonably likely not being in the best interests of the Purchaser, MTS or Shareholders as a group; or
- there has been after the date of this Tender Offer Memorandum, among other things, (a) any general suspension of, shortening of hours for, or limitation on prices for trading in Shares on any securities exchange or in the over-the-counter market on which the Shares trade; (b) any significant adverse change in the price of the Shares or in the Russian, United Kingdom or United States securities or financial markets, (c) a material impairment in the trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect of banks by the Russian Federation, United Kingdom or Federal or state authorities in the United States (whether or not mandatory), (e) a commencement of a war, armed hostilities, terrorist action or other national or international crisis or national calamity, (f) any significant change in Russian, U.K. or U.S. currency exchange rates or a suspension of, or limitation on, the markets thereof (whether or not mandatory), (g) any significant adverse change in Russian, U.K. or U.S. securities or financial markets generally or (h) in the case of any of the foregoing existing at the time of the commencement of the Tender Offer, a material acceleration or worsening thereof.

The foregoing conditions are for the Purchaser's sole benefit and may be asserted by the Purchaser regardless of the circumstances giving rise to any such circumstance and any action or inaction of the Purchaser, and any such condition may be waived by the Purchaser, in whole or in part, at any time and from time to time. The Purchaser's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Purchaser concerning the events described in this Section 4 "*Certain Conditions of the Tender Offer*" shall be final and binding.

The Purchaser reserves the right to amend or extend the Tender Offer at any time prior to the Expiration Time in its sole discretion at any time during the pendency of the Tender Offer in any respect (including to decrease the Maximum Number of Shares) or to terminate the Tender Offer if certain conditions set forth in this Section 4 "*Certain Conditions of the Tender Offer*" are not satisfied subject to the provisions of Section 10 "*Amendments; Extension of Tender Period; Termination*" or for any other reason at any time prior to or after the Expiration Time.

## 5. Procedures for Tendering Shares

### A. Proper Tender and Delivery.

Shareholders who desire to tender all or any portion of their Shares pursuant to the Tender Offer must follow the procedures set forth in this Section 5 “*Procedures for Tendering Shares*” and in the Tender Instruction that accompanies this Tender Offer Memorandum.

- (1) Shares will be considered validly tendered only if a Tender Instruction, together with all documents required to be attached thereto, is submitted to the Tender and Paying Agent prior to the respective deadlines established for the submission of these documents and in accordance with procedures set out in this Tender Offer Memorandum, the Tender Instruction and instructions thereto. Payments to Shareholders who have tendered Shares will be made only to such Shareholders’ (or their agents’) Russian ruble or relevant Alternative Currency (as appropriate) bank accounts with Russian banks or bank accounts with banks and other financial institutions outside of the Russian Federation. The Purchaser will not accept for purchase any Shares if the Shareholder tendering such Shares does not indicate in the Tender Instruction a Russian ruble or relevant Alternative Currency bank account (as appropriate) to which the Purchase Price shall be transferred. Shareholders tendering their Shares should consult with their bank on whether they can receive payment for their Shares in the relevant currency processed by the Tender and Paying Agent to their bank account.

Completed Tender Instructions and other documents set out herein, in the Tender Instruction and instructions thereto must be submitted to the Tender and Paying Agent by Shareholders or by their authorised representatives acting on the basis of notarized powers of attorney:

- in person in original forms or as notarized copies at the Tender and Paying Agent office located at the following address:

AO Raiffeisenbank, address: Smolenskaya-Sennaya square 28, Moscow, Russia; or

- electronically (in pdf format, as a separate file for each document being sent) at the following email address:

[tender@mtsgsm.com](mailto:tender@mtsgsm.com).

For the avoidance of doubt, no Tender Instructions sent by post or courier will be deemed validly tendered and accepted by the Purchaser.

Information on the business hours of the office of AO Raiffeisenbank may be obtained by contacting AO Raiffeisenbank at the address or email address indicated above. The Purchaser reserves the right to change the address and email specified above by publishing or procuring to be published a relevant press release on the website [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer) prior to any such change. Such change in the address or email address shall not affect the Tender Instructions validly tendered to the original address or e-mail address prior to such press release being published.

Shares will be considered validly tendered only if Tender Instructions in respect of those are submitted to the Tender and Paying Agent at the above address or email in each case prior to the Expiration Time. There is no obligation of the Purchaser to accept the Tender Instruction and no binding agreement is concluded until the Purchaser accepts the Tender Instruction. Without prejudice to the generality of the foregoing and at its sole and absolute discretion, the Purchaser may reject any Tender Instruction if the purchase and transfer of the Shares specified in such Tender Instruction (or held on relevant Depo Account, Depository Receipt Programme Custody Account or Other Account) cannot be performed on any grounds, including due to (i) the discovery of obvious signs that the Tender Instruction may be forged or otherwise invalid, (ii) the number of Shares specified in the Tender Instruction with respect to a certain Depo Account, Depository Receipt Programme Custody Account or Other Account of the Shareholder exceeding the number of Shares registered in such Depo Account, Depository Receipt Programme Custody Account or Other Account of the Shareholder, (iii) the Shares specified in the Tender Instruction being blocked, encumbered or attached or having other restrictions on the rights and ability of the Shareholder to transfer the Shares to the Purchaser; (iv) likely impossibility of effecting the transfer of funds to the bank account specified by the relevant Shareholder; (v) or the transfer of Shares to the Purchaser is likely to be materially delayed or rejected on any grounds. Subject to the pro-rata, the Purchaser may accept or reject a Tender Instruction as a whole and not with respect to certain Shares, Depo Account, Depository Receipt Programme Custody Account or Other Account.

The procedures for tendering Shares and required documents are described in detail in the Tender Instruction and instructions thereto that accompany this Tender Offer Memorandum. Shareholders

should read the Tender Instruction and instructions thereto carefully to ensure that they have sufficient time to assemble all documents required to be submitted to the Tender and Paying Agent together with the Tender Instruction.

The execution and delivery of the Tender Instruction by a Shareholder or its authorised representative will constitute such Shareholder's agreement to complete the settlement procedures set forth in (3) below. A Shareholder further agrees not to transfer tendered Shares (save for the transfer to the Purchaser pursuant to the Tender Offer) or create any encumbrances over such Shares until such time as the tendered Shares accepted by the Purchaser for purchase are transferred to the Purchaser or, if no tendered Shares have been accepted for purchase, until the Agreement Date.

Once, if and when the Tender Instruction countersigned by the Purchaser with a number of Shares to be purchased by the Purchaser from the relevant Shareholder being indicated has been dispatched to the relevant Shareholder's email address, (i) the Purchaser will be deemed to have accepted for purchase validly tendered Shares in the amount indicated by the Purchaser in the relevant Tender Instruction; (ii) a legal, valid, binding and enforceable Russian law-governed agreement for purchase of the tendered Shares (in the amount indicated by the Purchaser in the relevant Tender Instruction, after pro rata as described herein, if applicable) between the Purchaser and the relevant Shareholder on the terms and conditions set out in the Tender Offer Memorandum, the Tender Instruction and instructions thereto will be deemed to have been concluded and become effective, including all representations specified in the Tender Instruction, and the date of such dispatch will be the date of the agreement; and (iii) under this agreement the Shareholder that properly tendered Shares will be deemed to have undertaken to transfer the respective amount of the tendered Shares to the Purchaser. If a Shareholder is unable to make any agreement or acknowledgement or give any representation or undertaking specified in the Tender Instruction, such Shareholder should contact the Tender and Paying Agent by email at [tender@mtsgsm.com](mailto:tender@mtsgsm.com) immediately.

- (2) The Tender Instruction countersigned by the Purchaser and indicating the number of Shares accepted for purchase will be sent to the relevant Shareholder at its email address specified in the relevant Tender Instruction on the fifth Business Day following the Expiration Time (the Agreement Date).
- (3) The Shareholders (including the Depository Bank) or their duly authorised representatives will need to undertake actions required to transfer Shares sold in the Tender Offer to the Purchaser's Depo Account or the Purchaser's Other Account pursuant to this Tender Offer Memorandum, the Tender Instruction and instructions thereto by no later than the fifth Business Day following the Agreement Date. Any Shares tendered to the Purchaser by the Shareholders other than in accordance with the procedures set forth in this Tender Offer Memorandum, the Tender Instruction and instructions thereto will not be eligible for purchase by the Purchaser (unless the relevant requirements have been waived by the Purchaser). Any Shares transferred to the Purchaser by Shareholders other than in accordance with the procedures set forth in this Tender Offer Memorandum, the Tender Instruction and the instructions thereto, will not be eligible for the acceptance and payment by the Purchaser (unless the relevant requirements have been waived by the Purchaser) and the Purchaser, subject to all applicable laws, will take all actions required from the Purchaser to return such Shares to the respective Shareholder which, in turn, shall take all necessary action to ensure that the Shares can be transferred back to it. Those Shareholders whose tendered Shares have been returned will not receive interest, price difference or any other form of compensation during the period of time when such Shares were held by the Purchaser.

By submitting the Tender Instruction, the Shareholder will provide the undertakings and representations set out therein.

The Purchaser will not be required to purchase any Shares if the procedures set out above have not been complied with.

Further information on procedures for transfer of Shares is provided in the Tender Instruction and instructions thereto accompanying this Tender Offer Memorandum.

If any of the Shares tendered for purchase are held of record by two or more joint holders, all such holders must sign the Tender Instruction. If any of the Shares tendered for purchase are registered in different names, it is necessary to complete, sign and submit a separate Tender Instruction for each different registration.

If a Shareholder holds its Shares outside of Euroclear Bank SA/NV, then the transfer of Shares as part of the settlement of the Tender Offer may involve the NSD. Such involvement is likely to be on an indirect basis and in any case no fees will be payable to NSD by the Purchaser in relation to such settlement. Decision to waive fees during the period from 1 January 2024 to 31 December 2024 for the transactions approved by the

Government Commission contemplating transfer of securities between Russian resident and non-resident was released by NSD on 7 December 2023.

**NSD's fees will be waived only if a transfer instruction relating to the relevant Shares submitted by the NSD direct participant includes the following statement in the field "Additional Information": "The transfer pursuant to the approval of the Government Commission dated 27 April 2024". Consequently, to ensure that NSD's fees in connection with the sale of Shares in the Tender Offer are waived, each non-resident Shareholder must instruct its broker, dealer, bank, custodian, trust company or other nominee who holds the Shares on its behalf to procure that the NSD direct participant includes the above statement in the relevant transfer instruction.**

#### **B. Method of Delivery.**

THE METHOD OF DELIVERY OF ANY DOCUMENTS, INCLUDING TENDER INSTRUCTIONS, AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE OPTION AND SOLE RISK OF THE TENDERING SHAREHOLDER. ANY DOCUMENTS TO BE PROVIDED PURSUANT HERETO WILL BE DEEMED DELIVERED ONLY WHEN ACTUALLY RECEIVED BY THE TENDER AND PAYING AGENT.

Shareholders have the responsibility to cause: (a) their Shares to be validly tendered; (b) the timely delivery of Tender Instructions; and (c) the timely delivery of all other documents required herein or in Tender Instruction. Timely delivery is a condition precedent to acceptance for purchase and purchase of Shares pursuant to the Tender Offer.

Any documentation required to be submitted to the Tender and Paying Agent must be delivered to it prior to the Expiration Time.

Upon the request of a Shareholder or its authorised representative the Tender and Paying Agent may issue to such Shareholder or its authorised representative a receipt for submitted documents either in physical form, if delivered in person, or by email, if delivered electronically.

The Shareholders are reminded that documents transmitted in an electronic form may be altered or changed during the process of electronic transmission and consequently none of MTS, the Purchaser or the Tender and Paying Agent accepts any liability or responsibility whatsoever in respect of any difference between the documents sent in electronic form and the hard copy version.

FAILURE BY A SHAREHOLDER TO COMPLY WITH THE PROCEDURES DESCRIBED HEREIN WILL RESULT IN AN INVALID TENDER OF SHARES AND, ACCORDINGLY, SUCH SHAREHOLDER'S TENDERED SHARES WILL NOT BE ACCEPTED FOR PURCHASE OR PURCHASED UNLESS THE RELEVANT REQUIREMENTS HAVE BEEN WAIVED BY THE PURCHASER.

#### **C. Determinations of Validity.**

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tenders will be determined by the Purchaser in its sole discretion, which determination shall be final and binding. The Purchaser reserves the absolute right to reject any or all tenders determined not to be in appropriate form or from persons whose participation in the Tender Offer could in the opinion of the Purchaser result in violation of applicable legal requirements or to refuse to accept for purchase any Shares if, in the opinion of the Purchaser, accepting or purchasing such Shares would be unlawful or for any other reason set out in this Tender Offer Memorandum. The Purchaser also reserves the absolute right to waive any of the conditions of the Tender Offer or any defect in any tender, whether generally or with respect to any particular Share(s) or Shareholder(s) (See also Section 10 "*Amendments; Extension of Tender Period; Termination*"). The Purchaser's interpretations of the terms and conditions of the Tender Offer (including the Tender Instruction and the instructions thereto) and this Tender Offer Memorandum shall be final and binding.

NONE OF THE PURCHASER, MTS, ITS BOARD OF DIRECTORS OR MANAGEMENT BOARD OR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY TENDER, AND NONE OF THEM WILL INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.

#### **D. Return of Shares Tendered by Shareholders but not Purchased by the Purchaser.**

Any Shares that are not purchased in the Tender Offer, including Shares not purchased due to pro-ration, will remain held by the holder thereof and remain registered on such Shareholder' Depo Account, Depository

Receipt Programme Custody Account or Other Account, as applicable. Any Shares transferred to the Purchaser by Shareholders other than in accordance with the procedures set forth in this Tender Offer Memorandum, the Tender Instruction and instructions thereto will not be accepted and paid for by the Purchaser (unless the relevant requirements have been waived by the Purchaser) and the Purchaser, subject to all applicable laws, will take all actions required from the Purchaser to return such Shares to the respective Shareholder which, in turn, shall take all necessary action to ensure that the Shares can be transferred back to it. Those Shareholders whose tendered Shares have been returned will not receive interest, price difference or any other form of compensation during the period of time when such Shares were held by the Purchaser.

## **6. Payment for Shares**

Payment for validly tendered Shares that are accepted for purchase by the Purchaser will be made no later than on the fifth Business Day following the transfer of the tendered and accepted for purchase Shares to the Purchaser pursuant to this Tender Offer Memorandum, the Tender Instruction and instructions thereto.

The Purchaser will make payment for the Shares validly tendered, accepted for purchase and transferred to the Purchaser in Russian rubles to resident Shareholders and in Russian rubles or any Alternative Currency (at the sole discretion of the relevant tendering Shareholder but subject to the terms and conditions set out herein and in a Tender Instruction, or as otherwise agreed between the Purchaser and the relevant Shareholder) at the relevant CBR exchange rate in effect on the Agreement Date to non-resident Shareholders. Payments to Shareholders who have tendered Shares will be made only to such Shareholders' (or their agents') Russian ruble or relevant Alternative Currency (as appropriate) bank accounts with Russian banks or bank accounts with banks and other financial institutions outside of the Russian Federation. The Purchaser will not accept for purchase any Shares if the Shareholder tendering such Shares does not indicate in the Tender Instruction a Russian ruble or relevant Alternative Currency bank account (as appropriate) to which the Purchase Price for the Shares shall be transferred. Shareholders tendering their Shares should consult with their bank on whether they can receive payment for their Shares in the relevant currency processed by the Tender and Paying Agent to their bank account.

The payment for the purchased Shares will be made via the Tender and Paying Agent from the bank account of the Purchaser opened with the Tender and Paying Agent.

Shareholders will pay all stock transfer taxes, if any, with respect to the transfer and sale of Shares pursuant to the Tender Offer. Brokers, dealers or other institutions also may charge fees to a participating Shareholder for processing a purchase or transfer request and sending it to the Purchaser. Each of the Purchaser and the relevant Shareholder will bear their own costs in connection with the Tender Offer.

## **7. Certain Information Concerning the Purchaser**

The Purchaser is a limited liability company organized under the laws of the Russian Federation with its registered office located at office 1, Vorontsovskaya st. 8, bld. 4A, Moscow, 109044, Russian Federation.

The Purchaser is a direct wholly-owned subsidiary of MTS.

## **8. Certain Legal Matters and Regulatory Approvals**

The Purchaser is not making the Tender Offer to, and will not accept any tendered Shares from, Shareholders in any jurisdiction where it would be illegal to do so.

In view of Russian Restrictions and in accordance with the Decree 95, the Decree of the President of the Russian Federation dated 1 March 2022 No. 81 "On Additional Temporary Economic Measures to Ensure Financial Stability in the Russian Federation", as amended (the "**Decree 81**") and the Decree of the President of the Russian Federation dated 3 March 2023 No. 138 "On Additional Temporary Economic Measures Related to the Circulation of Securities" (the "**Decree 138**"), the Government Commission has approved certain terms of the Tender Offer, including the terms and conditions for payments for tendered Shares and transfer of purchased Shares to the Purchaser.

The Purchase Price has been set in accordance with the approval granted by the Government Commission.

As of the date of this Tender Offer Memorandum and based on the exemptions from Decree 81, Decree 95 and Decree 138 the following options, approved by the Government Commission, are available for the non-resident Shareholders and Russian entities controlled by them participating in the Tender Offer without any additional approval of the Russian authorities being required:



- non-resident Shareholders whose Shares are held in a Type ‘S’ Depo Account or are otherwise subject to restrictions on transfers due to certain dealings having occurred after 1 March 2022 will be able to tender their Shares and transfer such Shares to the Depo Account of the Purchaser;
- non-resident Shareholders whose Shares are held in a Type ‘S’ Depo Account or are otherwise subject to restrictions on transfers due to certain dealings having occurred after 1 March 2022 and have been tendered and accepted for purchase by the Purchaser in the Tender Offer will be able to receive total Purchase Price in Russian rubles or, with respect to non-resident Shareholders only, any Alternative Currency in their bank accounts in the Russian Federation or abroad.

It is noted that the Tender Offer participants holding Shares in Type ‘S’ Depo Account who elect to receive the total Purchase Price in their bank account in the Russian Federation may be required to receive additional approvals from relevant Russian state authorities in order to transfer such amount abroad. The Shareholders concerned will be solely responsible for receiving any such approval which can be delayed or withheld. Therefore, Shareholders whose Shares are held in Type ‘S’ Depo Account should consider carefully before electing the bank account to which the total Purchase Price will be credited.

The Purchaser has ensured compliance with all the applicable regulatory requirements under Federal Law dated 26 July 2006 No. 135-FZ “On the Protection of Competition” (as amended) relating to the Purchaser in connection with the Shares tendered in the Tender Offer.

As of the date of this Tender Offer Memorandum, the Purchaser is not aware of any approval or action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the Purchaser to effect the Tender Offer other than those disclosed in this Tender Offer Memorandum. Should any such approval or other action be required, the Purchaser presently cannot determine whether such approval or other action will be sought. The Purchaser is unable to predict whether it may determine that it is required to delay the acceptance for purchase or payment for, Shares tendered pursuant to the Tender Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Purchaser’s or MTS’s respective businesses. The Purchaser expressly reserves the right in its sole discretion to terminate the Tender Offer at any time prior to or after the Expiration Time and not accept for purchase any Shares for any reason or if any of the conditions referred to in Section 4 “*Certain Conditions of the Tender Offer*” has not been satisfied or upon the occurrence and during the continuance of any of the events specified in Section 4 “*Certain Conditions of the Tender Offer*”.

A Shareholder tendering its Shares in the Tender Offer should consult its own professional advisers, including legal counsel, regarding any aspect of the Tender Offer, as well as any approvals, permits, licences, clearances or notifications that may be required for it under any applicable laws and regulations to participate in the Tender Offer or consummate the transfer of its Shares to the Purchaser.

## **9. Certain Taxation Matters**

### **Certain Russian Tax Considerations**

The following is a general description of the Russian tax considerations relevant to the transfer of the Shares by resident Shareholders and non-resident Shareholders and is based on the laws of the Russian Federation in effect at the date hereof, which may be subject to changes in the future (possibly with retroactive effect). It does not purport to be a complete analysis of all Russian tax considerations which may relate to the transfer of the Shares under the applicable Tender Instructions, and it does not address comments on the tax implications of repo transactions, securities borrowings and transactions carried out using an individual investment account.

Shareholders should consult their own professional advisers regarding the applicable tax consequences of the disposition of the Shares. No representations with respect to the Russian tax consequences to any particular Shareholder are made hereby.

#### **A. Taxation of Individuals**

Russian resident individuals are subject to personal income tax (“**PIT**”) irrespective of the source of income, whereas non-resident individuals are subject to PIT only if the source of income is deemed to be the Russian Federation.

Based on the rules of the Tax Code of the Russian Federation, income receivable by an individual from the sale of securities is treated as a Russian-sourced income only if the disposal occurs in the Russian Federation. The Russian competent authorities clarify that in order to define the source of income from the sale

of the securities, the place of custody of the securities (i.e., in the Russian Federation or outside the Russian Federation) should be taken into account and the income from the disposal should be deemed to have a source in the Russian Federation if a registrar or a depository that keeps record of the transfer of disposed securities being sold is located in the Russian Federation.

The respective income may be reduced by the actually incurred and documentary supported expenses related to the acquisition, disposition and keeping of the Shares.

The tax rates, as well as the possibility of applying tax incentives and special tax deductions depend, among other things, on the tax status of an individual Shareholder – tax resident or tax non-resident of the Russian Federation.

As a general rule, an individual is treated as a Russian tax resident if he/she actually resides in the Russian Federation for an aggregate period of 183 days (including days of arrival in the Russian Federation and days of departure from the Russian Federation) or more in a period comprising 12 consecutive months (days of short-term (less than six months) medical treatment or education outside the Russian Federation and enforcement of labor or other duties related to the performance of work (rendering services) at offshore hydrocarbon fields are also counted as days spent in the Russian Federation).

For tax withholding purposes an individual's tax residence status should be determined on the date of the income payment. However, the individual's final tax liability in the Russian Federation for the reporting calendar year is determined based on his/her tax residence status for such calendar year. That said, there may be the cases of the change in the tax status of the Shareholders as of the end of the respective calendar year comparing to their tax status as of the date of PIT withholding. In such case the additional tax amount should be paid to the Russian treasury or respectively a request for a tax refund should be filed in accordance with the procedure established by the Russian tax legislation.

Regardless of the actual time spent in the Russian Federation, Russian military personnel serving abroad, as well as employees of state authorities and local government bodies sent to work outside the Russian Federation are recognized as tax residents of the Russian Federation.

Russian organizations that make payments under the share purchase agreements concluded by them with the taxpayers – individuals are recognized as tax agents for PIT purposes (unless an individual acts via Russian broker or a trust manager, see below). Thus, the Purchaser will be recognized as a tax agent obliged to calculate, withhold PIT at the applicable rate from the Purchase Price payable to the Shareholders and remit it to the treasury of the Russian Federation (article 226 (1)) of the Tax Code of the Russian Federation).

If the Shareholder acts via a nominal holder or a foreign broker (trust manager), the Purchaser will also act as a tax agent.

If the Shares are disposed by the Shareholders via a broker or a trust company that are Russian organisations or Russian separate subdivisions / permanent establishments of foreign organisations (acting on the basis of a brokerage agreement, asset management agreement, commercial mandate agreement, commission agreement or agency agreement with the Shareholders), the Purchaser will not be recognized as a tax agent and will not withhold PIT from the Purchase Price. In this case the respective broker (trust manager) will act as a tax agent with respect to the sale proceeds.

### ***Russian Resident Individuals***

#### ***a. General Rules***

Capital gains arising from the sale of the Shares by individuals who are treated as Russian residents for tax purposes are subject to PIT at a rate of 13%, if the amount of total income for the calendar year (except for certain categories of income) is 5 million Russian rubles or less, and 15% on the excess of 5 million Russian rubles.

The Purchaser acting as a tax agent is supposed to apply the abovementioned PIT rates to the proceeds from the sale of the Shares disregarding other types of income of the Shareholder received by him/her from the other sources in the same tax period (calendar year).

To confirm the status of the tax resident of the Russian Federation the Shareholders should submit to the Purchaser together with Tender Instruction, but anyway not later than the Expiration Time the following documents:

- If the Shareholder is a Russian citizen:
  - Copy of the passport of the citizen of the Russian Federation;
  - Notification of the tax residency accompanied by the copy of the international passport(s) with the stamps confirming the dates of crossing the borders of the Russian Federation in the

preceding twelve months and/or other documents confirming the time spent in the Russian Federation in the said period.

- Shareholder is a foreign citizen:
  - Notification of the tax residency accompanied by the copy of a passport of a foreign citizen with the stamps confirming the dates of crossing the borders of the Russian Federation in the preceding twelve months and/or other documents confirming the time spent in the Russian Federation in the said period.

The Purchaser reserves the right to request additional documents.

The taxable income in respect of sale of the Shares by an individual is calculated as the sale proceeds less expenses proved by documentary evidence related to the purchase of these Shares (including their cost and the expenses associated with the purchase, keeping and sale of these Shares, and also amounts on which PIT was accrued and paid on acquisition (receipt) of the Shares). The expenses are recognized based on the “first-in-first-out” principle. Purchase Price and/or respective expenses accepted for PIT purposes which are received/incurred by the Shareholders in foreign currency shall be converted into Russian rubles at the official exchange rate of the CBR as of the date of actual receipt of the Purchase Price / payment of the respective expense by the Shareholder.

The Purchaser acting as a tax agent will determine the tax base taking into account the respective expenses incurred by the Shareholders, provided the Shareholders submit together with Tender Instruction, but anyway not later than the Expiration Time the following documents:

- Application to account expenses incurred by the Shareholder for the acquisition of the Shares;
- Documents confirming the expenses for the acquisition of the Shares (these may be share purchase agreements, documents on the transfer of shares, payment orders, bank statements and other documents confirming settlements, orders to credit shares to a personal account, a depo account statement, an extract from the shareholder register system, brokerage reports, etc.). Please note that there is no exhaustive list of documents required to confirm the expenses incurred, for instance, the Shares could have been acquired by the Shareholders on the legal grounds different from the sale and purchase agreements, such as gift, shares exchange agreement, inheritance, etc. The Purchaser reserves the right to request additional documents from the Shareholders for the purposes of correct calculation of the tax base and the amount of PIT.

If the abovementioned documents are not provided in accordance with the procedures set out above, the Purchaser will withhold PIT from the full amount of Purchase Price.

When calculating PIT, the Purchaser acting as a tax agent upon the application of the Shareholder and given the necessary documentary evidence is in place will also take into account available tax incentives and deductions, see below.

If the tax base as a result of sale of the Shares is negative, the Shareholder will generally have the right to utilize the respective losses against the positive result from the operations with other tradable securities or carry these losses forward for the next tax periods.

If the Shareholder acts via a nominal holder or a foreign broker (trust manager) and the information about the Shareholder is not duly disclosed, the Purchaser acting as a tax agent will apply PIT rate 30%.

*b. Available Tax Incentives*

*Full Exemption Based on the Period of Possession of the Shares*

Article 217 (17.2) of the Tax Code of the Russian Federation provides for the full exemption of income from the sale of Shares from PIT, provided that the Shares as at the date of their sale are continuously held by an individual for more than five years and are not directly or indirectly represented for more than 50% by real estate located on the territory of the Russian Federation (based on the financial statements of the issuer on the last day of the month preceding the month of disposition).

It is expected that the Shareholders of MTS will be able to apply the said exemption since less than 50% of assets of MTS are currently directly or indirectly represented by the real estate located in the Russian Federation and this status is expected to preserve as at the last day of the month preceding the month of transfer of the Shares.

In cases when the Purchaser acts as a tax agent the Shareholder should provide together with Tender Instruction but in any event not later than the Expiration Time the documentary supported confirmation of the date of acquisition of the Shares and the period of their continuous possession.

### *Investment Tax Deduction*

Article 219.1 of the Tax Code of the Russian Federation provides for the investment tax deduction, which is available only to the Shareholders who are Russian tax residents and applies to income received from the sale of securities acquired after 1 January 2014.

The deduction applies in the amount of the positive financial result received from the sale of the Shares given that the Shares are admitted to trading by a Russian trade organiser on the securities market, including the stock exchange, and are held by a Shareholder for more than three years. The Tax Code limits the maximum amount of the investment tax deduction – such amount is determined using a specific formula and depends on the number of full years when the Shares were held by a Shareholder. The period of possession of the Shares is determined based on the “first-in-first-out” principle.

The investment tax deduction may be applied in the course of calculation of PIT by the Purchaser acting as a tax agent. For this purpose, the Shareholder should provide the Purchaser together with Tender Instruction but in any event not later than the Expiration Time the following documents:

- Application for the investment tax deduction;
- Documents confirming the date of acquisition of the Shares;
- Documents confirming the cost of acquisition of the Shares.

If the investment tax deduction is applied, the Purchaser will provide the Shareholder with the certificate containing the calculation of the amount of the respective deduction.

The individual Shareholder not claiming the investment tax deduction via the tax agent may apply to the tax authority for such deduction after the end of the tax period (calendar year) by filing the PIT return.

### *Tax Deduction Based on the Losses Carried Forward*

Article 220.1 of the Tax Code of the Russian Federation provides for the possibility to carry forward the losses incurred in the previous ten years from operations with securities traded on the organised securities market (except for a loss received on transactions recorded in an individual investment account) to deduct the profit received from the operations with the traded securities in the current tax period. The losses may be carried forward in the amount not exceeding the positive tax base from the operations with the traded securities in the current tax period.

There is no possibility to apply for this type of deduction via a tax agent. The Shareholders may receive the deduction by independently submitting a PIT return to the tax authority at their registered place of residence in the Russian Federation after the end of the tax period. The Purchaser therefore does not accept and consider documents confirming the above tax deduction.

The Shareholders should in all events consult their own tax advisers with respect to the tax consequences of gains derived from the disposal of the Shares, as well as applying for the tax benefits and deductions

### ***Non-Russian Resident Individuals***

#### *a. General Rules*

Capital gains arising from the sale of securities by individuals who are treated as non-residents of the Russian Federation for tax purposes are subject to PIT if such capital gains are received from the source within the Russian Federation. The source of income from the sale of the securities depends on the place of custody of the Shares and the place of location of the registrar or a depository that is in charge of accounting for the disposal.

PIT rate for the Russian non-residents is 30%, which is applied to the positive difference between the Purchase Price and the expenses related to the purchase of the Shares (including their cost and the expenses associated with the purchase, keeping and sale of these Shares and amounts on which PIT was accrued and paid on acquisition (receipt) of the Shares). The expenses are recognized based on the “first-in-first-out” principle.

The Purchaser acting as a tax agent will determine the tax base taking into account the respective expenses incurred by the Shareholders, provided the Shareholders submit together with Tender Instruction, but anyway not later than the Expiration Time the following documents:

- Application to account expenses incurred by the Shareholder for the acquisition of the Shares;
- Documents confirming the expenses for the acquisition of the Shares (these may be share purchase agreements, documents on the transfer of shares, payment orders, bank statements and other documents confirming settlements, orders to credit shares to a personal account, a depo account

statement, an extract from the shareholder register system, brokerage reports, etc.). Please note that there is no exhaustive list of documents required to confirm the expenses incurred, for instance, the Shares could have been acquired by the Shareholders on the legal grounds different from the sale and purchase agreements, such as gift, shares exchange agreement, inheritance, etc. The Purchaser reserves the right to request additional documents from the Shareholders for the purposes of correct calculation of the tax base and the amount of PIT.

If the abovementioned documents are not provided in accordance with the procedures set out above, the Purchaser will withhold PIT from the full amount of Purchase Price.

*b. Available Tax Incentives*

*Full Exemption Based on the Period of Possession of the Shares*

Article 217 (17.2) of the Tax Code of the Russian Federation provides for the full exemption of income from the sale of Shares from PIT, provided that the Shares as at the date of their sale are continuously held by an individual for more than five years and are not directly or indirectly represented for more than 50% by real estate located on the territory of the Russian Federation (based on the financial statements of the issuer on the last day of the month preceding the month of disposition). This exemption is available irrespective of the tax residence of the individual Shareholders.

It is expected that the Shareholders of MTS will be able to apply the said exemption since less than 50% of assets of MTS are currently directly or indirectly represented by the real estate located in the Russian Federation and this status is expected to preserve as at the last day of the month preceding the month of transfer of the Shares.

Provided the Purchaser acts as a tax agent the Shareholder should provide together with Tender Instruction but in any event not later than the Expiration Time the documentary supported confirmation of the date of acquisition of the Shares and the period of their continuous possession.

*Application of the Reduced Tax Rates under the Double Tax Treaties*

The Russian Federation has effective double tax treaties with a number of countries. These tax treaties may contain provisions that allow reduction or elimination of Russian withholding tax due, with respect to income received by a non-resident Shareholder from a source within the Russian Federation, including income from disposition of the Shares. Such elimination from withholding tax is envisaged by many double tax treaties with respect to the capital gains from alienation of shares not represented by the real estate located in the Russian Federation.

It should be noted that the Russian Federation has temporarily suspended the application of most of the provisions of double tax treaties (including those providing the exemption from tax of the capital gains from the sale of securities) with 38 countries including the United States of America, the European Union member states and some others in accordance with the Decree of the President of the Russian Federation dated 8 August 2023 No. 585 “On the suspension by the Russian Federation of certain provisions of international treaties of the Russian Federation on taxation”, as amended.

In order to obtain a full or partial exemption from taxation in the Russian Federation under an applicable double tax treaty a non-resident Shareholder should confirm to a tax agent that he/she is a tax resident in a relevant foreign jurisdiction by providing the tax agent with (i) a passport of a foreign citizen and (ii) an official confirmation issued by the competent authorities of the foreign jurisdiction evidencing his/her status of a tax resident in the respective country in the calendar year in which the Purchase Price is payable (a notarised Russian translation of such official confirmation is required).

The Purchaser also reserves the right to request from the Shareholders evidence (declaration) of their beneficial ownership status with respect to income from the Russian sources.

The Shareholders should in all cases consult their own tax advisers with respect to the applicability of any double tax treaty relief and the relevant procedures required in Russia.

**Form of Presentation of the Supporting Documents to the Purchaser**

The documents mentioned in this sub-section “*Taxation of Individuals*” composed in Russian language should be provided either:

- in person in original forms or as duly certified copies; or
- electronically (in pdf format, as a separate file for each document being sent).

There are no unified rules on the certification of the copies of documents. The documents issued by broker, bank, depositary are subject to certification by the said organisations. The copies of other documents should be generally certified by the person itself or by the notary depending on the type of the document.

Documents drawn up in full or in part in a foreign language must be accompanied by a Russian translation. The Russian translation and/or the signature of the translator must be notarized.

Documents issued by the foreign state authorities must be duly legalized at a Russian consulate, or apostilled if this is permitted under the relevant international treaty to which the Russian Federation is a party, or instead of being legalized or apostilled other requirements must be met as laid down by the relevant international treaty to which the Russian Federation is a party (where applicable).

If the Shareholder is not able to provide the abovementioned documents together with Tender Instruction but in any event not later than the Expiration Time and provides them later, the refund of the excessively withheld PIT is performed via a tax agent by filing of an application for PIT refund together with the relevant supporting documents. In this case PIT is subject to refund within the procedure established by article 231 of the Tax Code of the Russian Federation.

## **B. Taxation of Legal Entities**

### *a. Russian Resident Legal Entities and Permanent Establishments of the Foreign Legal Entities*

The Russian legal entities and permanent establishments of the foreign legal entities that receive income from disposition of the Shares should execute their tax obligations on such deals themselves, therefore, the Purchaser is not supposed to act as a tax agent with respect to income receivable by these entities.

### *b. Foreign Legal Entities with no Permanent Establishments in the Russian Federation*

The Tax Code of the Russian Federation provides for taxation at source in the Russian Federation only of the certain types of passive income receivable by the foreign resident legal entities. The income of the foreign resident legal entities (unless receivable via permanent establishment in the Russian Federation) from the sale of securities is subject to tax at the Russian source only if the shares are non-tradable on the organised market and are represented directly or indirectly for more than 50% by the real estate located in the Russian Federation.

Based on the above, the income of the foreign legal entities with no permanent establishment in the Russian Federation or not attributable to such permanent establishment is not subject to profit tax at the Russian source. The Purchaser will not act as a tax agent with respect to such income.

## **Certain United States Federal Tax Consequences**

The following is a general description of certain material United States federal income tax consequences of converting ADRs into Shares and selling Shares pursuant to the Tender Offer that may apply to you if you are, for United States federal income tax purposes, a beneficial owner of ADRs, or Shares received upon conversion of ADRs, that is an individual who is a citizen or resident of the United States, a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, an estate the income of which is subject to United States federal income tax regardless of its source, or a trust, if a United States court can exercise primary supervision over the administration of the trust and one or more United States persons can control all substantial trust decisions, or if the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person (“**U.S. Holder**”). This discussion is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the “**IRS**”), and the Convention Between the United States of America and the Russian Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital, in force as of December 16, 1993 (the “**United States—Russia income tax treaty**”), all as publicly available and in effect as of the date of this document. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in United States federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the acquisition, ownership or disposition of ADRs, or Shares received upon conversion of ADRs, or that any such contrary position would not be sustained by a court. If an entity or arrangement treated as a partnership for United States federal income tax purposes is an owner of ADRs, or Shares received upon conversion of ADRs, the United States federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Accordingly, entities or arrangements treated as partnerships for United States federal income tax purposes that hold ADRs, or Shares received upon conversion of ADRs, and partners in such partnerships are urged to consult their tax advisors regarding the specific United States federal income tax consequences to them. The

following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- an insurance company;
- a tax-exempt organization;
- a financial institution;
- a person subject to the alternative minimum tax;
- a person who is a broker-dealer in securities or a trader subject to a mark-to-market election;
- a S corporation;
- a partnership, a pass-through entity or arrangement, a person holding ADRs through a partnership or other pass-through entity or arrangement;
- an expatriate subject to Section 877 of the Code;
- a holder that is not a U.S. Holder;
- an investor that has a functional currency other than the U.S. dollar;
- a regulated investment company;
- a real estate investment trust;
- an owner, directly, indirectly or by attribution, of ADRs (alone or together with shares) representing 10% or more of the outstanding shares of our stock (by vote or value); or
- an owner holding ADRs, or Shares received upon conversion of ADRs, as part of a hedge, straddle, synthetic security or conversion transaction.

In addition, this summary is limited to U.S. Holders holding ADRs, or Shares received upon conversion of ADRs, as “capital assets” within the meaning of Section 1221 of the Code and whose functional currency is the U.S. dollar. The discussion below does not address the effect of the Medicare contribution tax on “net investment income” or of any United States state or local tax law or any non-U.S. tax law. This discussion also does not address any tax consequences relating to the direct ownership of common stock.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. For purposes of applying United States federal income tax law, we believe, and the following discussion assumes, that a holder of an ADR should be treated as the owner of the underlying shares of common stock represented by that ADR, although this matter is not free from doubt.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADR and the issuer of the shares underlying the ADR may be taking actions that are inconsistent with the beneficial ownership of the underlying shares. Accordingly, the analysis of the creditability of Russian withholding taxes described below could be affected by actions taken by intermediaries in the chain of ownership between the holder of ADRs and our company if as a result of such actions the holders of ADRs are not properly treated as beneficial owners of underlying shares and future actions that may be taken by the U.S. Treasury. The remainder of this discussion assumes that a holder of an ADR will be treated as the beneficial owner of the underlying shares of common stock represented by such ADR for United States federal income tax purposes.

#### ***Taxation on Sale of Shares received upon conversion of ADRs pursuant to Tender Offer***

Subject to the passive foreign investment company rules described below, the sale of Shares received upon conversion of ADRs will generally result in the recognition of gain or loss in an amount equal to the difference between the amount realized on the sale or other taxable disposition and your adjusted basis in such Shares received upon conversion of ADRs. That gain or loss will be capital gain or loss and will be long-term capital gain or loss if you have held the ADRs, or Shares received upon conversion of ADRs, for more than one year. If you are a non-corporate U.S. Holder, such recognized long-term capital gain is generally subject to a reduced rate of United States federal income tax. Limitations may apply to your ability to offset capital losses against ordinary income.

Gain or loss recognized on the sale of ADRs, or Shares received upon conversion of ADRs, will generally be treated as U.S. source income or loss for United States foreign tax credit purposes. The use of any foreign tax credits relating to any Russian taxes imposed upon such sale may be limited. You are strongly urged to consult your tax advisors as to the availability of tax credits for any Russian taxes imposed on the sale of ADRs, or Shares received upon conversion of ADRs.

### ***Passive Foreign Investment Company Considerations***

A non-U.S. corporation generally will be a passive foreign investment company (a “PFIC”), in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through” rules, either (i) at least 75% of its gross income is “passive income” or (ii) at least 50% of the average value of its total assets is attributable to assets which produce passive income or are held for the production of passive income.

We do not believe that we were a PFIC for the year ended December 31, 2020, for the year ended December 31, 2021, or for the year ended December 31, 2022. However, our possible status as a PFIC must be determined annually and requires a factual determination that depends on, among other things, the nature and composition of our income, assets and activities for the entire taxable year. Moreover, the value of our total assets for PFIC purposes is generally determined based on the market price of our ADRs, or Shares received upon conversion of ADRs, which is subject to potentially significant fluctuation. Therefore, our possible status as a PFIC may be subject to change. Thus, there can be no assurance that we will not be treated as a PFIC in our current taxable year or in the future. If we were to be treated as a PFIC, U.S. Holders generally would be required to pay additional taxes on certain distributions and gains on sales or other dispositions (including pledges) of the ADRs, or Shares received upon conversion of ADRs, including with respect to gains on a sale of Shares pursuant to the Tender Offer, at tax rates that may be higher than those otherwise applicable. You should consult your tax advisors regarding the possible application of the PFIC rules to your investment in the ADRs, or Shares received upon conversion of ADRs, including as a result of a sale of Shares pursuant to the Tender Offer.

### ***Information Reporting and Backup Withholding***

A U.S. Holder that receives its proceeds from the Tender Offer through a U.S.-related financial intermediary, such as a broker that is (i) a U.S. person, (ii) a controlled foreign corporation for U.S. tax purposes, or (iii) a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period, may be subject to U.S. backup withholding at a rate of 24% on the proceeds received pursuant to the Tender Offer, unless the U.S. Holder provides the U.S.-related financial intermediary with a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Backup withholding is not an additional tax and the amount of any backup withholding will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the U.S. Internal Revenue Service. The U.S. Holder also generally will be subject to information reporting requirements with respect to proceeds received pursuant to the Tender Offer through a U.S.-related financial intermediary, unless the U.S. Holder is an “exempt recipient.”

**The Tender and Paying Agent will not act as a U.S. tax withholding agent with respect to U.S. Holders who tendered Shares pursuant to the Tender Offer. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.**

## **10. Amendments; Extension of Tender Period; Termination**

The Purchaser expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period during which the Tender Offer is open for any reason, including the failure to satisfy any of the conditions specified in Section 4 “*Certain Conditions of the Tender Offer*”, and thereby delay acceptance for purchase, and payment for, any Shares.

The Purchaser may extend the period of time the Tender Offer will be open by issuing a press release or other public announcement by no later than the next Business Day after the Tender Offer would have expired. Except to the extent required by applicable law, the Purchaser will have no obligation to extend the Tender Offer. During any such extension, all Shares previously tendered will remain subject to the Tender Offer. See Section 6 “*Payment for Shares*.”

The Purchaser also expressly reserves the right, in its sole discretion, at any time and from time to time, to waive, in whole or in part, any condition or amend the Tender Offer in any respect, in each case by making a public announcement thereof.

The Purchaser also expressly reserves the right in its sole discretion to terminate the Tender Offer at any time prior to or after the Expiration Time and not accept for purchase any Shares for any reason or if any of the conditions referred to in Section 4 “*Certain Conditions of the Tender Offer*” has not been satisfied or upon the occurrence and during the continuance of any of the events specified in Section 4 “*Certain Conditions of the Tender Offer*.”

Any extension, termination or amendment will be followed as promptly as practicable by a press release



by the Purchaser announcing the extension, termination or amendment. Notwithstanding the foregoing and without limiting the manner in which the Purchaser may choose to make a public announcement of such an amendment, supplement, extension or termination, the Purchaser will have no obligation to publish, advertise or otherwise communicate any such press release other than by publishing the press release on the designated website [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer) and except as provided by applicable law (including Rules 14e-1(d)).

## 11. The Tender and Paying Agent

The Purchaser has entered into agreement with AO Raiffeisenbank in respect of tenders of Shares. Shareholders tendering Shares pursuant to the Tender Offer will be required to tender through the Tender and Paying Agent.

The Tender and Paying Agent will also be assisting with payments for Shares. Payments will be made via the Tender and Paying Agent.

The Tender and Paying Agent will receive reasonable and customary compensation related to services provided by a tender agent and a paying agent in a tender offer of this nature.

## 12. Miscellaneous

The Purchaser will not accept tenders from, or on behalf of, or purchase Shares tendered by, or on behalf of, any person, if such acceptance or purchase, in the sole opinion of the Purchaser, would violate any law or regulation, applicable to the Purchaser, MTS or any of their respective affiliates, or any contractual obligations of MTS or members of the Group.

## 13. Additional Information

Administrative questions and requests for technical assistance in connection with the Tender Offer relating to tendering procedures and payments for tendered Shares shall be directed to the Tender and Paying Agent at [tender@mtsgsm.com](mailto:tender@mtsgsm.com).

General enquiries in relation to the Tender Offer and the Group may be directed to:

### **Investor Relations Department**

Email: [ir@mts.ru](mailto:ir@mts.ru)

Telephone: 7 (495) 223-20-25

### **Corporate Finance and Treasury Director**

Alexander Smirnov

Email: [kazna@mts.ru](mailto:kazna@mts.ru)

MTS is required to publish annual reports and other information pursuant to the Federal Law dated 22 April 1996 No. 39-FZ “On Securities Market” (as amended) and other applicable laws, unless an appropriate exemption applies. Such information, if made public, is available at the MTS website at <https://ir.mts.ru/home> and at <https://www.e-disclosure.ru/portal/company.aspx?id=236>. The MTS website is included in the Tender Offer as an inactive textual reference only. Neither the content of the MTS’s website (or any other website) nor the content of any website accessible from hyperlinks on the MTS’s website (or any other website) is incorporated into the Tender Offer or should be considered to be part of the Tender Offer. The public may also read reports or other information that MTS publishes on its website to the extent it is required to be made public pursuant to Russian law. Any such information that is published after the date hereof will automatically update and supersede prior published information.

The text of this Tender Offer Memorandum, Tender Instruction, as well as any announcements with respect to the Tender Offer are and will be made available at a dedicated website at [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer).

## 14. Definitions

For the purposes of this Tender Offer Memorandum and other documents constituting the Tender Offer:

- (i) “**Business Day**” means a day on which banks are open in Moscow (Russian Federation) for normal business (other than a Saturday, Sunday and public holidays specified in the National

Holidays and Non-Business Days Calendar for 2024 available at <http://www.consultant.ru/law/ref/calendar/proizvodstvennye/>).

- (ii) “**Decree 95**” means the Decree of the President of the Russian Federation dated 5 March 2022 No. 95 “On Temporary Procedures for Discharging Obligations to Certain Foreign Creditors”, as amended.
- (iii) “**Depo Account**” means, with respect to Shares held within NSD, an account opened with a depository, which is a direct or indirect participant of NSD, holding such Shares as a nominee.
- (iv) “**Depository Receipt Programme Custody Account**” means a special purpose Depo Account opened in the name of the Depository Bank in which the Shares underlying the ADRs are held.
- (v) “**Group**” means MTS and its consolidated Subsidiaries taken as a whole.
- (vi) “**IFRS**” means International Financial Reporting Standards (formerly International Accounting Standards) as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).
- (vii) “**NSD**” means the National Settlement Depository.
- (viii) “**Other Account**” means, with respect to Shares held outside of NSD, any type of securities account in which Shares are held, other than a securities account with MTS shareholders’ register maintained by JSC “Reestr”.
- (ix) “**Russian Restrictions**” means measures to stabilise the Russian financial markets introduced by Russian authorities in response to Sanctions, which, *inter alia*, impose various restrictions on transacting with non-Russian counterparties (including, among others, restrictions on entering into title transfer arrangements with respect to securities with certain non-residents, restrictions on cross-border lending and distribution of dividends by Russian residents to non-residents, restrictions on the service of existing debt owed by Russian residents to non-residents, etc.).
- (x) a “**Sanctioned Person**” means any person or organisation that is:
  - a. listed on the OFAC list of Specially Designated Nationals and Blocked Persons or the Foreign Sanctions Evaders List; the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions; Annex XIX to Council Regulation (EU) No. 833/1014 (the “**EU Regulation**”); the Consolidated List of Financial Sanctions Targets in the UK maintained by His Majesty's Treasury (the “**UK Sanctions List**”) or on any other blocking list of targeted persons issued by any Sanctions Authority;
  - b. directly or indirectly owned or controlled by, or acting on behalf of, any of the foregoing;
  - c. located within or operating from a country, region or territory that is the subject or target of country-wide or territory-wide Sanctions including, without limitation, Cuba, Crimea and Sevastopol, Donetsk People’s Republic and Lugansk People’s Republic, Iran, North Korea and Syria; or
  - d. otherwise the target of any Sanctions, other than solely by virtue of their inclusion in:
    - (a) the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf> (the “**SSI List**”),
    - (b) Annexes III, V, VI, XII or XIII of the EU Regulation (the “**EU Annexes**”),
    - (c) Schedule 2 of the Russia (Sanctions) (EU Exit) Regulations 2019, each, as amended, or
    - (d) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes.

The lists referred to in this definition are available, as of the date hereof, at the following links:

**List of Specially Designated Nationals and Blocked Persons**

<https://www.treasury.gov/ofac/downloads/sdnlist.pdf>

**Foreign Sanctions Evaders List**

<https://www.treasury.gov/ofac/downloads/fse/fselist.pdf>

**Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions**

<https://webgate.ec.europa.eu/fsd/fsf/public/files/pdfFullSanctionsList/content?token=dG9rZW4tMjAxNw>

### **Consolidated List of Financial Sanctions Targets in the UK**

<https://ofsistorage.blob.core.windows.net/publishlive/2022format/ConList.pdf>

### **UK Sanctions List**

<https://www.gov.uk/government/publications/the-uk-sanctions-list>

### **Regulation (EU) No. 833/2014 of 31 July 2014, as amended**

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0833-20230427>

### **Sectoral Sanctions Identifications List**

<https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>

### **Schedule 2 of the Russia (Sanctions) (EU Exit) Regulations 2019**

<https://www.legislation.gov.uk/ukxi/2019/855/schedule/2>.

- (xi) “**Sanctions**” means any economic, trade or financial sanctions laws, regulations, embargoes, restrictive measures or other similar measures enacted by any Sanctions Authority.
- (xii) a “**Sanctions Authority**” means (i) any relevant government, agency or legislature in the United States, the UK, the European Union or its member states including but not limited to OFAC, the U.S. State Department, and His Majesty's Treasury; and (ii) the United Nations Security Council.
- (xiii) “**Subsidiary**” of a person means any corporation, partnership, joint venture, association or other business or entity, whether now existing or hereafter organised or acquired, (i) in the case of a corporation, of which more than 50 per cent. of the total voting power is held by such first-named person and/or any of its Subsidiaries and such first-named person or any of its Subsidiaries has the power to direct the management, policies and affairs thereof; or (ii) in the case of a partnership, joint venture, association, or other business or entity, with respect to which such first-named person or any of its Subsidiaries has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise if (in each case) in accordance with IFRS, as consistently applied, such entity would be consolidated with the first-named person for financial statement purposes.
- (xiv) “**Type ‘S’ Depo Account**” has the meaning ascribed to this term in the Decree 95 and the CBR’s regulations adopted thereunder.

**Shareholders must submit their  
Tender Instructions and any other required documentation (if applicable) to  
the Tender and Paying Agent:**

if submitted in person, at:      AO Raiffeisenbank      Smolenskaya-Sennaya square  
28, Moscow, Russia

if submitted electronically, at:      [tender@mtsgsm.com](mailto:tender@mtsgsm.com)

## Assistance and additional information about the Tender Offer

Questions and requests for assistance in connection with the Tender Offer, tendering procedures and payments for tendered Shares may be directed to the Tender and Paying Agent at [tender@mtsgsm.com](mailto:tender@mtsgsm.com).

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Investor Relations Department

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Corporate Finance and Treasury Director

Alexander Smirnov

Email: [kazna@mts.ru](mailto:kazna@mts.ru)

Copies of this Tender Offer Memorandum and the Tender Instruction are available at a dedicated website at [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer).

LLC “STREAM DIGITAL”

7 August 2024

Email: [kazna@mts.ru](mailto:kazna@mts.ru)

Copies of this Tender Offer Memorandum and the Tender Instruction are available at a dedicated website at [https://ir.mts.ru/tender\\_offer](https://ir.mts.ru/tender_offer).

**LLC “STREAM DIGITAL”**

7 August 2024