

## MTS REPORTS Q2 2023 RESULTS

| Q2 2023 Consolidated<br>Group Revenue                          | Q2 2023 Group<br>OIBDA                                    | Q2 2023 Group<br>Net Profit <sup>1</sup>                                     |
|--|---|--|
| grew by <b>14.8%</b> year-over-year<br>to <b>RUB 146.7 bn.</b> | increased 22.9% year-over-<br>year to <b>RUB 63.7 bn.</b> | amounted to <b>RUB 16.8 bn</b> ,<br>an increase of 53.5% year-<br>over-year. |

Moscow, August 22, 2023 — Mobile TeleSystems Public Joint Stock Company (“MTS” or “the Company”) (MOEX: MTSS), a digital ecosystem, announces its second-quarter 2023 financial and operating results.

In Q2 2023, consolidated Group revenue rose by 14.8% year-over-year to RUB 146.7 bn, driven by positive contributions from all segments. Group OIBDA in the reporting period increased by 22.9% to RUB 63.7 bn, supported by Fintech, Telecom and Media results. Strong growth in Net Profit, following OIBDA, was supported by a decrease in interest expense.

### Viacheslav Nikolaev, President & CEO, commented:

MTS continues to implement a business strategy of developing an ecosystem of digital services with a sustainable telecommunications business as the foundation. Ecosystem clients generated for nearly half of our B2C revenue in the second quarter. We expect our ecosystem client base to expand at an even faster rate thanks to the launch of new products in the second half of 2023 as well as the expansion of the MTS Premium subscription and its integration with the MTS Cashback loyalty program.

We are seeing robust growth in our B2B segment. MTS has become the leading mobile operator in the communication services market in terms of the number of customers, with a market share of 34%. I would also like to note the increase in AdTech revenues in the second quarter of 2023, which grew more than 46% year-over-year to RUB 8.5 billion.

We continue to implement our strategy of optimizing our retail network, reducing our store count by more than 600 to 4,776 by the end of the second quarter. The issue of further network optimization will depend on the situation, as the retail market remains volatile.

At year-end MTS will maintain its capital expenditures at the previous years level; the investment is aimed at the network development and growth of ecosystem business-lines. The year-over-year decrease in CAPEX during the first six months of the year was related to bulk purchases of equipment in 1H 2022.

At the same time, we continue to provide high-quality connectivity services for our 80 million subscribers; the traffic volume transmitted to MTS subscriber devices in the second quarter amounted to 2.3 million terabytes, an increase of 15%. We also continue to see positive results from our technological transformation: we have already completed 32% of the migration to our consolidated service platform, The Platform; by the end of the year, we plan to have transferred more than 50% of the IT landscape of the entire ecosystem.

<sup>1</sup> Attributable to the owners of the Company.  
MTS.RU

# BUSINESS-LINE HIGHLIGHTS

## TELECOM

- Revenue from Russia connectivity services in Q2 2023 increased 7.6% year-over-year to RUB 108.7 bn.
- The number of three-month active mobile subscribers in Russia increased slightly to 80.3 m as of the end of Q2 2023.

## MEDIA

- The number of over-the-top media subscribers increased 45.1% year-over-year to 7.2 m as of the end of Q2 2023.
- The total number of pay-TV subscribers (satellite, cable, IPTV, OTT) rose 25.4% year-over-year to 11.7 m as of the end of the reporting period.

## FINTECH

- Fintech revenue increased 33.4% year-over-year in Q2 2023, reaching RUB 21.2 bn.
- The retail loan portfolio amounted to RUB 287.4 bn as of the end of the reporting period.

## ECOSYSTEM

- The number of ecosystem clients rose to 14.1 m, up 14.6% compared with Q2 2022.
- 47.2% of adjusted B2C revenue<sup>2</sup> came from ecosystem clients in 2Q 2023.

## Consolidated MTS Group key figures (RUB bn)

|  | 2Q23    | 2Q22    | Change, % |
|--|---------|---------|-----------|
| Revenue  | 146.7   | 127.8   | 14.8%     |
| o/w Russia                                       | 144.3   | 126.0   | 14.5%     |
| Adjusted OIBDA <sup>3</sup>                      | 63.7    | 51.8    | 22.9%     |
| o/w Russia                                       | 63.5    | 51.2    | 23.9%     |
| Operating profit                                 | 34.3    | 22.3    | 53.5%     |
| Profit attributable to the owners of the Company | 16.8    | 10.9    | 53.5%     |
| Cash CAPEX <sup>4</sup>                          | 20.0    | 22.0    | -9.4%     |
| Net debt <sup>5</sup>                            | 416.0   | 419.0   | -0.7%     |
| Net debt / LTM adjusted OIBDA                    | 1.8     | 1.9     | -0.1x     |
|  | 6M 2023 | 6M 2022 | Change, % |
| Operating cash flow                              | 36.0    | 54.0    | -33.3%    |
| Free cash flow excl. Bank                        | 36.2    | -5.3    | n/a       |

In Q2 2023, **Group revenue** increased 14.8% to RUB 146.7 bn as a result of revenue growth in Telecom, Fintech, Adtech, Media, Retail and other segments.

**Group OIBDA** in Q2 2023 grew 22.9% year-over-year to RUB 63.7 billion on the back of normalization of bank's provisions and an increase in the consumption of financial services, as well as strong growth in Telecom's B2B and B2C segments, coupled with effective cost management in the Media segment.

**Group net profit** in Q2 2023 rose 53.5% year-over-year to RUB 16.8 bn. The increase was driven primarily by the double-digit increase in OIBDA, lower interest expenses and a positive securities revaluation. Growth was restrained by the weakening of the Russian ruble compared with the same period of the previous year.

The decrease in **Group cash capital expenditures** to RUB 20 billion (down 9.4% year-over-year) was due to large-scale equipment purchases in 1H 2022. CAPEX in the reporting period was aimed primarily at the network development and growth of Group's business lines.

As of June 30, 2023, **MTS's net debt** totaled RUB 416.0 bn, with a weighted average interest rate of 7.6%. The Group's ratio of net debt ex-LL to LTM adjusted OIBDA as of the end of Q2 2023 was 1.8x.

<sup>3</sup> Adjusted OIBDA for Q2 2022 does not include a loss from the impairment of noncurrent assets in the amount of RUB 282 m.

<sup>4</sup> Net of cash proceeds under a sharing agreement.

<sup>5</sup> Excluding lease obligations.

## Russia results *(accounts for over 98% of Group revenue)*

| (RUB bn)                                 | 2Q23         | 2Q22         | Change, %    |
|--|--------------|--------------|--------------|
| <b>Revenue</b>                           | <b>144.3</b> | <b>126.0</b> | <b>14.5%</b> |
| <b>B2C</b>                               | <b>98.9</b>  | <b>86.1</b>  | <b>15.0%</b> |
| Connectivity                             | 69.9         | 65.0         | 7.6%         |
| Sales of handsets                        | 8.2          | 6.6          | 24.2%        |
| Bank revenue                             | 18.8         | 13.4         | 40.3%        |
| Other                                    | 2.0          | 1.1          | 88.3%        |
| <b>B2B/G</b>                             | <b>34.7</b>  | <b>29.1</b>  | <b>19.2%</b> |
| Connectivity                             | 19.6         | 17.6         | 11.1%        |
| Adtech                                   | 8.5          | 5.8          | 46.4%        |
| Sales of handsets                        | 1.7          | 1.2          | 35.5%        |
| Bank revenue                             | 2.1          | 2.1          | -3.0%        |
| Cloud and other                          | 3.0          | 2.4          | 25.1%        |
| <b>B2O</b>                               | <b>19.2</b>  | <b>18.4</b>  | <b>4.3%</b>  |
| Elimination                              | -8.6         | -7.6         | 13.5%        |
| <b>Adjusted OIBDA<sup>6</sup></b>        | <b>63.5</b>  | <b>51.2</b>  | <b>23.9%</b> |
| margin                                   | 44.0%        | 40.6%        | 3.4 p.p.     |
| <b>Net profit</b>                        | <b>17.4</b>  | <b>12.0</b>  | <b>45.2%</b> |
| margin                                   | 12.1%        | 9.5%         | 2.6 p.p.     |
| Number of MTS retail stores <sup>7</sup> | 4,776        | 5,420        | -11.9%       |
| Informative: connectivity revenue        | 108.7        | 101.0        | 7.6%         |

**Connectivity services revenue** in Russia in Q2 2023 rose 7.6% year-over-year to RUB 108.7 bn thanks to higher revenues for basic and digital services as well as growth in the MTS Premium loyalty program. The **Adtech** business line, covering bulk SMS, email and messenger marketing, ad targeting, programmatic advertising based on MTS big data, and other tools, continued its brisk expansion with growth of 46.4% year-over-year. Revenue from **banking services** rose 34.3% year-over-year, driven by increased retail lending compared with relatively weak performance in Q2 2022 and an increase in fees and commission income. **Sales of handsets and accessories** rose 25.9% year-over-year, owing to the relatively low base from the previous year.

<sup>6</sup> Adjusted OIBDA for Q2 2022 does not include a loss from the impairment of noncurrent assets in the amount of RUB 282 m  
<sup>7</sup> Number of owned and franchised MTS stores in operation at the end of the reporting period.

# SHAREHOLDER RETURNS

At the Annual General Meeting of Shareholders (AGM) on June 18, 2023, shareholders approved annual dividends in the amount of RUB 34.29 per MTS ordinary share based on the Company's full-year 2022 financial results, equivalent to RUB 67.2 bn (RUB 67,198,691,575.17) when including quasi-treasury shares. June 29, 2023, was approved as the record date to receive FY 2022 dividends.

## OTHER COUNTRY MARKETS

### Armenia

| (AMD bn)          | 2Q23        | 2Q22        | Change, %   |
|-------------------|-------------|-------------|-------------|
| <b>Revenue</b>    | <b>12.9</b> | <b>12.6</b> | <b>2.7%</b> |
| <b>OIBDA</b>      | <b>6.8</b>  | <b>6.8</b>  | <b>0.5%</b> |
| margin            | 52.8%       | 53.9%       | -1.1 p.p.   |
| <b>Net profit</b> | <b>1.6</b>  | <b>-0.2</b> | <b>n/a</b>  |
| margin            | 12.7        | n/a         | n/a         |

**In Armenia**, revenue in Q2 2023 increased 2.7% year-over-year to AMD 12.9 bn thanks to a high level of tourist traffic, revised tariff plans and an increase in demand for bulk SMS. In April–June 2023, OIBDA in Armenia rose slightly compared with the previous year, amounting to AMD 6.8 bn, on the back of rise in advertising and commission expenses. As of the end of Q2 2023, the number of mobile subscribers remained essentially flat year-over-year, at 2.3 m.

### Belarus

| (BYN m)           | 2Q23       | 2Q22       | Change, %    |
|-------------------|------------|------------|--------------|
| <b>Revenue</b>    | <b>384</b> | <b>334</b> | <b>15.0%</b> |
| <b>OIBDA</b>      | <b>191</b> | <b>185</b> | <b>3.2%</b>  |
| margin            | 49.8%      | 55.3%      | -5.5 p.p.    |
| <b>Net profit</b> | <b>104</b> | <b>77</b>  | <b>35.1%</b> |
| margin            | 27.1%      | 23.1%      | 4.0 p.p.     |

**In Belarus**, which is not consolidated, revenue in Q2 2023 rose 15.0% year-over-year to BYN 384 m, driven primarily by positive sales trends and the consumption of voice and data (V&D) services. OIBDA increased by 3.2% in the reporting quarter to BYN 191 m, mainly thanks to higher revenues from V&D and related services. The number of mobile subscribers remained stable at 5.7 m as of the end of Q2 2023.

## Corporate developments

The AGM was held by absentee voting on June 18, 2023. The list of persons entitled to participate in the AGM was drawn up as of May 26, 2023. The AGM adopted the following decisions:

- Approval of the distribution of profits and the payment of dividends for the 2022 financial year in the amount of RUB 67.21 bn, or RUB 34.29 per ordinary MTS PJSC share, with a record date of June 29, 2023
- Approval of the Company's Annual Report and annual Financial Statements
- Approval of the composition of the Board of Directors of MTS PJSC, made up of nine members; the majority of the seats on the Board are filled by independent directors
- Election of the members of the Audit Commission of MTS PJSC
- Approval of Business Solutions and Technologies Joint Stock Company as the Company's auditor
- Approval of the Regulations on the Board of Directors of MTS PJSC, as amended, and of the Regulations on Remuneration and Compensation Payable to Members of the Board of Directors of MTS PJSC, as amended

## Debt

In February 2023, MTS became one of the first companies in Russia to issue a digital financial asset (DFA) in the form of digital rights including monetary claims. The first issue was in the amount of RUB 1 billion with maturity in six months. By issuing the DFA, MTS was able to gain practical experience in using the new instrument to obtain debt financing.

---

In March, 2023 MTS issued RUB 20 bn worth of series 001P-24 exchange-traded bonds with a maturity of two years and a coupon rate of 9.05% per annum. MTS used the funds for general corporate purposes and optimization of its debt portfolio.

---

In June 2023, in accordance with the terms of documentation approved at a meeting of noteholders on December 13, 2022, MTS PJSC fulfilled its then-current obligations for the repayment of, and coupon yield payment on, Eurobonds issued by MTS International Funding DAC (ISIN XS0921331509) to the extent that it could fulfill such obligations taking into account (1) applicable Russian and foreign laws; and (2) the requirements outlined in the documentation in light of the amendments adopted at the aforementioned meeting of noteholders.

---

In June 2023, MTS issued RUB 5 bn worth of series 001P-25 exchange-traded bonds with a coupon rate of 9.0% per annum and maturing in December 2025.

## M&A

In June 2023, MTS announced the purchase of a 41.62% stake in the largest Russian provider of security services and smart home solutions for individuals and businesses. MTS also completed the reorganization of its Smart Home business vertical in order to consolidate assets and projects related to security and integration of digital systems for home and office management.

---

In July 2023, MTS AI acquired a 16% stake in the Russian developer of an RPA (robotic process automation) platform for procurement, accounting, sales, HR and other business functions. As a result of the deal, MTS's B2B product portfolio will now have a comprehensive platform to integrate robotic automation on any scale and no matter the degree of complexity: from the launch of intelligent assistants to the full automation of key business processes.

## Innovation and products

In May 2023, MTS launched Sunkey Toolkit, a remote testing service for mobile applications and websites using MTS Cloud. Part of The Platform infrastructure, the service is based on the zero-step concept, whereby IT specialists access the physical storage of handsets and tablets remotely through the MTS system, which not only reduces the time needed for product testing at all stages but also improves the quality of the testing. At the moment, MTS has more than 30 teams of testers, product specialists and developers using Sunkey Toolkit in their daily work, and the service is also now available to external users. The product has the potential to bring in over RUB 300 m in profit.



In May 2023, MTS, MyOffice and F+ tech introduced a secure mobile automated workstation based on the Aurora operating system and with MyOffice Documents software preinstalled. The workstation was created on the basis of a tripartite technological cooperation agreement between the companies and is aimed at MTS's large corporate customers that need a secure corporate working environment and full control over their data. The workstation is available as a subscription-based TaaS (Telecom as a Service) product.

---

In July 2023, MTS announced that it had created its own Software 2.0 generative network, which will reduce the time needed to develop software code by 40% and save up to RUB 4 bn a year. The use of Software 2.0 will reduce the time needed to find and correct coding errors and speed up the entire process of developing and bringing new ecosystem products to market. Software 2.0 is already being tested by the teams responsible for MTS's key ecosystem products—the technology platform cluster, in particular.

---

In July 2023, MTS launched beta version of its Share It service, which will allow subscribers with any operator to replace their smartphone with a new one on an annual basis. Subscribers are able to use a smartphone for 30% off the regular price. The program also allows customers to choose the MTS More tariff and get 50% off the cost of a smartphone throughout the entire subscription period.

---

In July 2023, MTS announced that it was entering the market for digital financial assets. The Bank of Russia has added DFA Hub, an MTS affiliate and developer of its own platform, to its register of information system operators issuing digital financial assets (DFAs). Legal entities and individual entrepreneurs can use the platform — as issuers and investors; the platform also allows organizations with a license to carry out depository activities to operate as nominal holders. The Company also plans to allow individuals to use the platform before the end of the year. The types of DFAs available include monetary claims and hybrid DFAs, which include both monetary claims and utilitarian digital rights.

---

In July 2023, MTS announced that six new video analytics sensors, developed by MTS AI's Tenvision platform team, had been made available to MTS Video Surveillance customers. The programs make it possible to count the number of people in lineups, create heat maps, and monitor the presence or absence of staff as well as the routes taken by customers, which are very popular among retailers.

# CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might,” and the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not undertake or intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company’s most recent Annual Report on Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors”, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the severity and duration of current economic and financial conditions, including the ongoing geopolitical situation relating to Ukraine; the expansion of sanctions and restrictive measures imposed on the Russian Federation and a number of Russian legal and natural persons by the United States, European Union, United Kingdom and certain other states, including the sanctions recently imposed on MTS Bank and their potential impact on our operations, assets and liabilities; responsive regulatory, legislative and other measure[s] by Russian authorities as a reaction to foreign sanctions and restrictive measures. On May 18, 2023 MTS’s shareholder Sistema PJSC (which holds 42,085% in MTS capital) was designated under Russia (Sanctions) (EU Exit) Regulations 2019 (as amended) (“UK Regulations”). This designation does not make MTS a blocked person under the UK Regulations. The other risk factors include volatility in interest and exchange rates (including fluctuations of the value of the Russian ruble against the U.S. dollar and the Euro); commodity and equity prices and the value of financial assets; the impact of decisions by a number of foreign suppliers of goods, works, services and software to suspend or stop providing the supply of goods, works, services and software to Russian legal and natural persons; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; potential fluctuations in quarterly results; our competitive environment; our dependence on new service development and tariff structures; rapid technological and market change; risks associated with telecommunications infrastructure; and governmental regulation of the telecommunications industries; as well as other risks associated with operating in Russia and the CIS volatility of our stock price financial risk management and future growth. In addition, we may face the potential aggravation of existing risk factors or appearance of new risks that may affect our operations and financial results.

# NOTE ON FINANCIAL MEASURES & DEFINITIONS

This press release includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Due to rounding and translation practices, Russian ruble and functional currency margins, as well as other non-IFRS financial measures, may differ.

**OIBDA and Adjusted OIBDA can be reconciled to our consolidated statements of profit or loss as follows:<sup>8</sup>**

| Group (RUB bn)                             | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|--|------|------|------|------|------|
| Operating profit                           | 22.3 | 32.6 | 27.8 | 29.2 | 34.3 |
| Add: D&A                                   | 29.2 | 27.8 | 27.8 | 28.5 | 29.4 |
| Loss from impairment of non-current assets | 0.3  | -    | -    | -    | -    |
| Adjusted OIBDA                             | 51.8 | 60.5 | 55.6 | 57.7 | 63.7 |

| Russia (RUB bn)                            | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|--|------|------|------|------|------|
| Operating profit                           | 22.2 | 32.3 | 27.3 | 29.3 | 34.8 |
| Add: D&A                                   | 28.7 | 27.4 | 27.3 | 27.9 | 28.7 |
| Loss from impairment of non-current assets | 0.3  | -    | -    | -    | -    |
| Adjusted OIBDA                             | 51.2 | 59.7 | 54.5 | 57.2 | 63.5 |

| Armenia (RUB m)  | 2Q22 | 3Q22  | 4Q22  | 1Q23  | 2Q23  |
|------------------|------|-------|-------|-------|-------|
| Operating profit | 528  | 606   | 575   | 613   | 723   |
| Add: D&A         | 462  | 470   | 504   | 632   | 698   |
| OIBDA            | 990  | 1,076 | 1,080 | 1,244 | 1,422 |

<sup>8</sup> Totals may add up differently due to rounding

**OIBDA and OIBDA margin can be reconciled to our operating margin as follows:<sup>9</sup>**

| Group                                      | 2Q22  | 3Q22  | 4Q22  | 1Q23  | 2Q23  |
|--|-------|-------|-------|-------|-------|
| Operating margin                           | 17.5% | 23.7% | 19.3% | 20.9% | 23.4% |
| Add: D&A                                   | 22.9% | 20.2% | 19.3% | 20.5% | 20.0% |
| Loss from impairment of non-current assets | 0.2%  | -     | -     | -     | -     |
| Adjusted OIBDA margin                      | 40.6% | 43.9% | 38.5% | 41.4% | 43.4% |

| Russia                                     | 2Q22  | 3Q22  | 4Q22  | 1Q23  | 2Q23  |
|--|-------|-------|-------|-------|-------|
| Operating margin                           | 17.6% | 23.8% | 19.2% | 21.3% | 24.1% |
| Add: D&A                                   | 22.8% | 20.1% | 19.2% | 20.3% | 19.9% |
| Loss from impairment of non-current assets | 0.2%  | -     | -     | -     | -     |
| Adjusted OIBDA margin                      | 40.6% | 43.9% | 38.3% | 41.6% | 44.0% |

| Armenia          | 2Q22  | 3Q22  | 4Q22  | 1Q23  | 2Q23  |
|------------------|-------|-------|-------|-------|-------|
| Operating margin | 28.7% | 31.3% | 27.6% | 27.0% | 26.8% |
| Add: D&A         | 25.1% | 24.3% | 24.2% | 27.9% | 25.9% |
| OIBDA margin     | 53.8% | 55.7% | 51.8% | 54.9% | 52.7% |

**Free cash flow ex-Bank can be reconciled to our free cash flow as follows:**

| Group (RUB bn)            | 6m 22 | 9m 22 | 12m 22 | 3m 23 | 6m 23 |
|---------------------------|-------|-------|--------|-------|-------|
| Group free cash flow      | -13.6 | 35.5  | 63.9   | 9.6   | -3.1  |
| Less: Bank free cash flow | -8.3  | 17.8  | 26.7   | -11.0 | -39.3 |
| Free cash flow ex-Bank    | -5.3  | 17.7  | 37.2   | 20.6  | 36.2  |

<sup>9</sup> Totals may add up differently due to rounding

## Definitions

**Total debt.** Total debt represents short-term and long-term debt excluding lease obligations and debt issuance costs.

**Net debt.** Net debt represents total debt less cash and cash equivalents, short-term investments, long-term deposits, swap and currency hedging. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. Our net debt calculation may not be similar to the net debt calculation of other companies. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS.

**Free Cash Flow.** Free cash flow is represented by net cash from operating activities less cash used for certain investing activities. Free cash flow is commonly used by investors, analysts and credit rating agencies to assess and evaluate our performance over time and within the wireless telecommunications industry. Our free cash flow calculation may not be similar to the free cash flow calculation of other companies. Because free cash flow is not based in IFRS and excludes certain sources and uses of cash, the calculation should not be looked upon as an alternative to our consolidated statement of cash flows or other information prepared in accordance with IFRS.

**Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin.** OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. OIBDA may not be similar to OIBDA measures of other companies, is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of profit or loss. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. We use the term Adjusted for OIBDA and operating profit where there were items that do not reflect underlying operations that were excluded.

**Subscriber.** We define a “subscriber” as an organization or individual whose SIM-card:

- shows traffic-generating activity or
- accrues a balance for services rendered or
- is replenished or topped off

over the course of any three-month period, inclusive within the reporting period, and was not blocked at the end of the period.

# CONSOLIDATED FINANCIAL STATEMENTS

## MOBILE TELESYSTEMS CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

|  | Six months ended<br>June 30, 2023 | Six months ended<br>June 30, 2022 | Three months ended<br>June 30, 2023 | Three months ended<br>June 30, 2022 |
|--|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| Service revenue  | 264 939                           | 237 604                           | 136 356                             | 119 922                             |
| Sales of goods   | 21 390                            | 22 135                            | 10 372                              | 7 851                               |
| <b>Revenue</b>   | <b>286 329</b>                    | <b>259 739</b>                    | <b>146 728</b>                      | <b>127 773</b>                      |
| Cost of services   | (78 174)                          | (73 954)                          | (39 649)                            | (37 587)                            |
| Cost of goods  | (19 161)                          | (20 054)                          | (9 400)                             | (6 999)                             |
| Selling, general and administrative expenses   | (60 322)                          | (50 866)                          | (29 653)                            | (26 612)                            |
| Depreciation and amortization  | (57 933)                          | (58 755)                          | (29 384)                            | (29 210)                            |
| Operating share of the profit of associates and joint ventures   | 3 120                             | 2 294                             | 1 849                               | 954                                 |
| Impairment of non-current assets   | -                                 | (489)                             | -                                   | (282)                               |
| Other operating expenses   | (10 387)                          | (8 925)                           | (6 199)                             | (5 697)                             |
| <b>Operating profit</b>  | <b>63 472</b>                     | <b>48 990</b>                     | <b>34 292</b>                       | <b>22 340</b>                       |
| <b>Other non- operating income / (expenses):</b>   |                                   |                                   |                                     |                                     |
| Finance income   | 1 240                             | 356                               | 739                                 | (47)                                |
| Finance costs  | (25 590)                          | (30 958)                          | (13 008)                            | (16 608)                            |
| Other non-operating income   | (2 034)                           | 5 392                             | (1127)                              | 9 862                               |
| <b>Total other non-operating expenses, net</b>   | <b>(26 384)</b>                   | <b>(25 210)</b>                   | <b>(13 396)</b>                     | <b>(6 793)</b>                      |
| <b>Profit before tax from continuing operations</b>  | <b>37 088</b>                     | <b>23 780</b>                     | <b>20 896</b>                       | <b>15 547</b>                       |
| Income tax expense   | (7 264)                           | (5 979)                           | (3 943)                             | (3 465)                             |
| <b>Profit for the period from continuing operations</b>  | <b>29 824</b>                     | <b>17 801</b>                     | <b>16 953</b>                       | <b>12 082</b>                       |
| <b>Discontinued operation:</b>   |                                   |                                   |                                     |                                     |
| <b>Profit/(loss) after tax for the period from discontinued operation</b>  | <b>142</b>                        | <b>(2 666)</b>                    | <b>83</b>                           | <b>(967)</b>                        |
| <b>Profit for the period</b>   | <b>29 966</b>                     | <b>15 135</b>                     | <b>17 036</b>                       | <b>11 115</b>                       |
| Profit for the period attributable to non-controlling interests  | (467)                             | (330)                             | 230                                 | (166)                               |
| <b>Profit for the period attributable to owners of the Company</b>   | <b>29 499</b>                     | <b>14 805</b>                     | <b>16 806</b>                       | <b>10 949</b>                       |
| <b>Other comprehensive (loss) / income</b><br><i>Items that may be reclassified subsequently to profit or loss</i> |                                   |                                   |                                     |                                     |
| Exchange differences on translating foreign operations   | 5 597                             | (5 268)                           | 3 122                               | (7 715)                             |
| Net fair value (loss)/income on financial instruments  | (73)                              | (85)                              | 2                                   | 1 400                               |
| <b>Other comprehensive (loss) / income for the period</b>  | <b>5 524</b>                      | <b>(5 353)</b>                    | <b>3 124</b>                        | <b>(6 315)</b>                      |
| <b>Total comprehensive income for the period</b>   | <b>35 490</b>                     | <b>9 782</b>                      | <b>20 160</b>                       | <b>4 800</b>                        |
| Less comprehensive income for the period attributable to the noncontrolling interests                              | (467)                             | (330)                             | (230)                               | (166)                               |
| <b>Comprehensive income for the period attributable to owners of the Company</b>                                   | <b>35 023</b>                     | <b>9 452</b>                      | <b>19 930</b>                       | <b>4 634</b>                        |
| Weighted average number of common shares outstanding, in thousands - basic   | 1 687 339                         | 1 674 569                         | 1 689 672                           | 1 684 311                           |
| Earnings per share attributable to the Group - basic:  |                                   |                                   |                                     |                                     |
| EPS from continuing operations   | 17,40                             | 10,43                             | 9,90                                | 7,07                                |
| EPS from discontinued operation  | 0,08                              | (1,59)                            | 0,05                                | (0,57)                              |
| Total EPS - basic  | 17,48                             | 8,84                              | 9,95                                | 6,50                                |
| Weighted average number of common shares outstanding, in thousands - diluted                                       | 1 708 499                         | 1 700 788                         | 1 708 499                           | 1 709 952                           |
| Earnings per share attributable to the Group - diluted:  |                                   |                                   |                                     |                                     |
| EPS from continuing operations   | 17,18                             | 10,27                             | 9,79                                | 6,97                                |
| EPS from discontinued operation  | 0,08                              | (1,57)                            | 0,05                                | (0,57)                              |
| Total EPS - diluted  | 17,26                             | 8,70                              | 9,84                                | 6,40                                |

**MOBILE TELESYSTEMS**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023 AND AS OF DECEMBER 31, 2022**  
 (AMOUNTS IN MILLIONS OF RUB)

|   | As of June 30,<br>2023 | As of December 31,<br>2022 |
|---|------------------------|----------------------------|
| <b>NON-CURRENT ASSETS:</b>  |                        |                            |
| Property, plant and equipment   | 306 026                | 312 509                    |
| Investment property   | 8 109                  | 4 925                      |
| Right-of-use assets   | 116 324                | 120 192                    |
| Intangible assets   | 172 176                | 165 243                    |
| Investments in associates   | 13 954                 | 9 752                      |
| Other investments   | 12 268                 | 7 539                      |
| Deferred tax assets   | 8 918                  | 11 610                     |
| Accounts receivable, related parties  | 1 298                  | 1 767                      |
| Bank loans to customers and interbank loans due from banks                          | 155 433                | 138 199                    |
| Other financial assets  | 16 537                 | 6 265                      |
| Other non-financial assets  | 3 489                  | 4 046                      |
| <b>Total non-current assets</b>   | <b>814 532</b>         | <b>782 047</b>             |
| <b>CURRENT ASSETS:</b>  |                        |                            |
| Inventories   | 15 925                 | 14 199                     |
| Trade and other receivables   | 37 548                 | 37 176                     |
| Accounts receivable, related parties  | 2 636                  | 2 643                      |
| Bank loans to customers and interbank loans due from banks                          | 106 273                | 96 135                     |
| Short-term investments  | 24 913                 | 24 422                     |
| VAT receivable  | 8 794                  | 10 867                     |
| Income tax assets   | 1 299                  | 785                        |
| Assets held for sale  | 229                    | 273                        |
| Cash and cash equivalents   | 46 606                 | 78 292                     |
| Other financial current assets  | 26 074                 | 24 015                     |
| Advances paid and prepaid expenses, contract and other non-financial current assets | 9 750                  | 12 076                     |
| <b>Total current assets</b>   | <b>280 047</b>         | <b>300 883</b>             |
| <b>Total assets</b>   | <b>1 094 579</b>       | <b>1 082 930</b>           |
| <b>EQUITY:</b>  |                        |                            |
| Equity attributable to owners of the Company*                                       | -29 691                | -9 367                     |
| Non-controlling interests   | 6 310                  | 5 750                      |
| <b>Total equity</b>   | <b>-23 381</b>         | <b>-3 617</b>              |
| <b>NON-CURRENT LIABILITIES:</b>   |                        |                            |
| Borrowings  | 349 467                | 368 393                    |
| Lease obligation  | 119 687                | 123 894                    |
| Bank deposits and liabilities   | 10 786                 | 12 397                     |
| Deferred tax liabilities  | 13 258                 | 17 759                     |
| Provisions  | 8 153                  | 7 288                      |
| Other financial liabilities   | 4 706                  | 3 464                      |
| Other non-financial liabilities   | 2 989                  | 2 007                      |
| <b>Total non-current liabilities</b>  | <b>509 046</b>         | <b>535 202</b>             |
| <b>CURRENT LIABILITIES:</b>   |                        |                            |
| Trade and other payables  | 100 767                | 67 166                     |
| Accounts payable, related parties   | 871                    | 1 451                      |
| Borrowings  | 137 795                | 117 747                    |
| Lease obligation  | 20 564                 | 19 608                     |
| Bank deposits and liabilities   | 261 168                | 260 744                    |
| Income tax liabilities  | 2 192                  | 3 150                      |
| Provisions  | 24 727                 | 23 757                     |
| Other financial liabilities   | 3 892                  | 2 985                      |
| Other non-financial and contract liabilities  | 56 938                 | 54 737                     |
| <b>Total current liabilities</b>  | <b>608 914</b>         | <b>551 345</b>             |
| <b>Total equity and liabilities</b>   | <b>1 094 579</b>       | <b>1 082 930</b>           |



**MOBILE TELESYSTEMS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
(AMOUNTS IN MILLIONS OF RUB)

|  | <u>Six months ended</u><br>June 30, 2023 | <u>Six months ended</u><br>June 30, 2022 |
|--|--|--|
| <b>Profit for the period</b>   | 29 966                                   | 15 135                                   |
| <b>Adjustments for:</b>  |  |  |
| Depreciation and amortization  | 57 933                                   | 58 825                                   |
| Finance income   | (1 240)                                  | (356)                                    |
| Finance costs  | 25 590                                   | 30 969                                   |
| Income tax expense   | 7 264                                    | 5 934                                    |
| Net foreign exchange gain and change in fair value of financial instruments      | 1 859                                    | (4 024)                                  |
| Share of the (profit) / loss of associates                                       | (3 280)                                  | (2 412)                                  |
| Inventory obsolescence expense   | 968                                      | 1 002                                    |
| Allowance for doubtful accounts  | 1 059                                    | 1 225                                    |
| Bank reserves  | 14 161                                   | 11 762                                   |
| Change in provisions   | 3 598                                    | (3 315)                                  |
| Impairment of non-current assets   | -  | 489                                      |
| Other non-cash items   | (3 515)                                  | 163                                      |
| <b>Movements in operating assets and liabilities:</b>                            |  |  |
| Decrease in trade and other receivables and contract assets                      | 75                                       | 1 217                                    |
| Increase in bank loans to customers and interbank loans to banks                 | (41 023)                                 | (13 799)                                 |
| (Increase)/Decrease in inventory   | (2 596)                                  | 3 453                                    |
| Decrease in VAT receivable   | 2 132                                    | 1 566                                    |
| (Increase)/Decrease in advances paid and prepaid expenses                        | (11 958)                                 | 1 819                                    |
| Decrease in trade and other payables, contract liabilities and other liabilities | (1 312)                                  | (14 509)                                 |
| Decrease in bank deposits and other bank liabilities                             | (10 676)                                 | (9 138)                                  |
| Dividends received   | 2 591                                    | 2 057                                    |
| Income taxes paid  | (10 913)                                 | (5 864)                                  |
| Interest received  | 902                                      | 513                                      |
| Interest paid, net of interest capitalised                                       | (25 571)                                 | (28 718)                                 |
| <b>Net cash provided by operating activities</b>                                 | <b>36 014</b>                            | <b>53 994</b>                            |





## CASH FLOWS FROM INVESTING ACTIVITIES:

|  |                 |                 |
|--|-----------------|-----------------|
| Aquisition of subsidiary, net of cash acquired                               | 319             | (7 134)         |
| Purchases of property, plant and equipment                                   | (14 676)        | (40 599)        |
| Purchases of other intangible assets (excl. cost to obtain contracts)        | (22 731)        | (18 811)        |
| Purchases of investment property   | (1 190)         | -               |
| Cost to obtain and fulfill contracts, paid                                   | (2 148)         | (2 109)         |
| Proceeds from sale of property, plant and equipment and assets held for sale | 2 125           | 1 842           |
| Purchases of short-term and other investments                                | (3 962)         | (1 304)         |
| Proceeds from sale of short-term and other investments                       | 1 419           | 7 681           |
| Investments in associates  | (800)           | (700)           |
| Cash payments related to swap contracts                                      | 388             | (821)           |
| Proceeds from sale of subsidiaries   | -               | (86)            |
| Other investing activities   | (36)            | 379             |
| <b>Net cash used in investing activities</b>                                 | <b>(41 292)</b> | <b>(61 662)</b> |

## CASH FLOWS FROM FINANCING ACTIVITIES:

|  |                 |               |
|--|-----------------|---------------|
| Repayment of loans   | (36 344)        | (11 512)      |
| Proceeds from loans  | 41 018          | 47 383        |
| Cash flows from transactions under common control          | (84)            | -             |
| Repayment of notes   | (28 344)        | (20 523)      |
| Proceeds from issuance of notes                            | 21 150          | 29 900        |
| Notes and debt issuance cost paid                          | (35)            | (135)         |
| Lease obligation principal paid                            | (9 032)         | (7 837)       |
| Dividends paid   | (25 525)        | (9)           |
| Proceeds from sales of treasury shares                     | 3 370           | -             |
| Sale of non-controlling interests                          | 482             | -             |
| Acquisition of non-controlling interests                   | (1 208)         | -             |
| Other financing activities                                 | 1 198           | (1 900)       |
| <b>Net cash (used in)/provided by financing activities</b> | <b>(33 354)</b> | <b>35 367</b> |

|  |       |          |
|--|-------|----------|
| Effect of exchange rate changes on cash and cash equivalents | 6 946 | (10 436) |
|--|-------|----------|

|  |                 |               |
|--|-----------------|---------------|
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS:</b> | <b>(31 686)</b> | <b>17 263</b> |
|--|-----------------|---------------|

|  |               |               |
|--|---------------|---------------|
| <b>CASH AND CASH EQUIVALENTS, at beginning of the period</b> | <b>78 292</b> | <b>40 590</b> |
|--|---------------|---------------|

|  |               |               |
|--|---------------|---------------|
| <b>CASH AND CASH EQUIVALENTS, at end of the period</b> | <b>46 606</b> | <b>57 853</b> |
|--|---------------|---------------|



## CONTACTS

ir@mts.ru  
8 (495) 223-20-25