

MTS REPORTS Q3 2022 RESULTS

Q3 2022 Consolidated Group Revenue

increased **0.8%** year-over-year to **RUB 137.7 bn.**

Consolidated Group Revenue for 9M 2022 increased **3.0%** to **RUB 397.4 bn.**

Q3 2022 Group OIBDA

amounted to **RUB 60.5 bn.** Group Adjusted OIBDA¹ for **9M 2022** amounted to **RUB 168.7 bn.**

Q3 2022 Group Net Profit²

amounted to **RUB 12.3 bn.** Group Net Profit for 9M 2022 reached **RUB 27.1 bn.**

MOSCOW, November 16, 2022 — Mobile TeleSystems Public Joint Stock Company (“MTS” or “the Company”) (MOEX: MTSS), a leading provider of digital and media services and Russia’s largest mobile operator, announces its third-quarter 2022 financial and operating results.

In Q3 2022, Consolidated Group Revenue increased 0.8% year-over-year to RUB 137.7 bn, primarily driven by the Company’s Telecom, Fintech, and Media verticals. Group OIBDA amounted to RUB 60.5 bn, supported by growth in all main business-lines. In Q3 2022, Group Net Profit amounted to RUB 12.3 bn.

Viacheslav Nikolaev, President & CEO, commented

MTS continues to implement its long-term business strategy by developing a digital services ecosystem based on a leading telecom platform. However, the level of external uncertainty remains extremely high.

We have more than doubled the number of users of our MTS Premium ecosystem subscription and MTS Cashback loyalty service year-over-year. It’s important to note the continued growth of our digital businesses - KION, MTS Entertainment, MTS Music, MTS Stroki and others. We also continue to invest in new areas such as MTS Travel, Smart Home and cybersecurity.

I would also like to point out the solid development of the B2B services based on IoT, artificial intelligence and big data analytics. We have launched a number of products for small and medium-sized businesses that help entrepreneurs in day-to-day operations. We are also strengthening our leadership in biometrics, with tens of millions of data samples.

At the same time, MTS continues to provide high-quality communication services, which remain a fundamental necessity in all kinds of economic environment. I am confident that our ability to provide seamless networks and a convenient customer experience in our ecosystem through the expansion of our service portfolio underpins business resilience even in the face of economic constraints

¹ Adjusted OIBDA for 9M 2022 doesn't include a loss from impairment of non-current assets of RUB 489 m.

² Attributable to owners of the Company.

³ The financial results for the Media operating segment are presented in the «Other» category in the Group’s consolidated financial statements.

BUSINESS-LINES HIGHLIGHTS

TELECOM

- **Russia connectivity services revenue** increased 2.1% year-over-year to reach RUB 110.3 bn in Q3 2022.
- **The number of three-month active mobile subscribers in Russia** increased slightly quarter-on-quarter, totaling 80.2 m.
- **Russia sales of handsets and accessories** declined 42.1% year-over-year to RUB 10.3 bn in Q3 2022.
- **The number of monthly active MyMTS app users** grew slightly to 26.3 m as of the end of Q3 2022.

FINTECH

- **Fintech revenue** grew 47.9% year-over-year in Q3 2022 to reach RUB 18.7 bn.
- **The number of MTS Bank clients** increased 18.0% year-over-year to 3.3 m as of the end of the quarter.
- **The number of 3-month active users of the MTS Bank mobile app** grew 40.7% year-over-year to 2.0 m as of the end of Q3 2022.

MEDIA

- **The number of over-the-top media subscribers** grew 15% quarter-on-quarter, reaching 5.7 m as of the end of Q3 2022.
- **The total number of media pay-TV viewers** increased 8.4% quarter-on-quarter to 10.1 m by the end of Q3 2022.

ECOSYSTEM

- **The number of MTS ecosystem clients** surged to 12.8 m as of the end of Q3 2022, up 63% compared to Q3 2021.
- **The average number of products per customer** increased to 1.58, up from 1.39 in the same period last year.

FINANCIAL RESULTS

Consolidated MTS Group key figures⁴ (RUB bn)

	3Q22	3Q21	Change, %
Revenue	137.7	136.6	0.8%
o/w Russia	135.8	134.8	0.7%
OIBDA	60.5	61.3	-1.3%
o/w Russia	59.7	60.0	-0.5%
Operating profit	32.6	33.4	-2.4%
Profit attributable to owners of the Company	12.3	16.5	-25.1%
Cash CAPEX ⁵	15.5	33.1	-53.1%
Net debt ⁶	414.8	396.7	4.6%
Net debt / LTM Adjusted OIBDA	1.9	1.8	0.1x
9M 2022 highlights	9M22	9M21	Change, %
Group Revenue	397.4	385.8	3.0%
Group Adjusted OIBDA ⁷	168.7	173.6	-2.8%
Operating cash flow	125.5	87.8	42.9%
Free cash flow ex-Bank & cash proceeds from sale of VF Ukraine	17.7	23.0	-23.0%

In Q3 2022, **Group Revenue** grew 0.8% to RUB 137.7 bn primarily driven by growth in core connectivity services as well as the Fintech and Media segments. However, this was almost offset by a drop in sales of handsets & accessories due to imposed import restrictions.

Group OIBDA demonstrated slight decrease y/y to RUB 60.5 bn largely due to growth of expenses for IT specialists and personnel motivation. On a positive side, OIBDA was supported by growth in all the main business segments – Telecom, Retail, Fintech and Media.

Group Net Profit amounted to RUB 12.3 bn. Versus the year-ago quarter, pressure came from increased financing costs amid a higher interest rate environment, and negative FX differences caused by a weaker Russian ruble as compared to the end of Q2 2022.

Q3 2022 Group Cash Capital Expenditures amounted to RUB 15.5 bn, with a year-over-year decrease of 53.1%, largely due to the restrictions imposed on the purchase of network equipment in 2022.

At the end of Q3 2022, MTS's **Net Debt**⁶ stood at RUB 414.8 bn with a net debt weighted average interest rate of 7.2%. The decrease of 0.4 p.p. from the prior quarter is mainly attributable to the easing of monetary policy and the gradual reduction in CBR rate. The Group's Net debt ex-LL to Last-Twelve-Months Adjusted OIBDA ratio remained unchanged from Q2 2022 at 1.9x.

⁴ Financials for 2021 and 1Q 2022 have been restated due to the deconsolidation of NVision a.s. (Czech Republic).

⁵ Net of cash proceeds under sharing agreement.

⁶ Excluding lease obligations.

⁷ Adjusted OIBDA for 9M 2022 doesn't include a loss from impairment of non-current assets of RUB 489 m.

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

(RUB bn)	3Q22	3Q21	Change, %
Revenue	135.8	134.8	0.7%
B2C	93.3	93.2	0.1%
Connectivity	67.6	66.4	1.9%
sales of handsets	8.4	15.9	-47.2%
bank revenue	16.4	10.7	52.4%
other	0.9	0.2	288.6%
B2B/G	29.9	26.4	13.1%
Connectivity (ex bulk sms)	17.3	16.4	5.2%
Marketer	6.4	5.2	23.5%
sales of handsets	1.9	1.8	2.3%
bank revenue	2.0	1.7	16.4%
cloud&other	2.3	1.2	86.5%
B2O	19.0	20.0	-5.0%
Eliminations	-6.4	-4.9	31.1%
OIBDA	59.7	60.0	-0.5%
margin	43.9%	44.5%	-0.6p.p
Net profit	11.9	15.8	-24.6%
margin	8.8%	11.7%	-2.9p.p
Number of MTS Retail stores ⁸	5363	5469	-1.94%
Informative: connectivity revenue	110.3	108.0	2.1%

In Q3 **Connectivity services revenue** in Russia grew 2.1% year-over-year to RUB 110.3 bn supported by a solid performance in the B2C segment. B2B segment growth slowed as the MTT acquisition effect was no longer in place towards the end of Q2 2021. Pressure from the B2O segment had no significant impact on OIBDA. **Income from banking services** continued to see robust year-over-year growth; up 47.5% to reach RUB 18.4 bn. **In retail**, sales of handsets and accessories in Russia dropped by 42.1% year-over-year to RUB 10.3 bn in Q3 2022.

⁸Number of owned and franchised MTS stores in operation at the end of the reporting period.

SHAREHOLDER RETURNS

In June, at the Annual General Meeting of Shareholders (AGM), MTS shareholders approved annual dividends of **RUB 33.85** per ordinary MTS share based on the Company's full-year 2021 financial results, equivalent to a total of **RUB 66.3 bn** (RUB 66,334,910,976.95) when including quasi-treasury shares owned by MTS subsidiaries. FY2021 dividend payments in the amount of RUB 48,2bn were completed by August 16, 2022. Holders of American Depositary Receipts (ADR) will have the right to receive dividends after conversion of the depositary receipts into ordinary shares according to the current Russian legislation, subject to legal and regulatory limitations and restrictions that exist and/or may appear in the future. Under the currently closing down MTS ADR program, the period for the conversion of ADRs into MTS ordinary shares will generally end by January 12, 2023 (inclusive), subject to newly enacted by various authorities laws and regulations that may accelerate or delay this anticipated timeline.

OTHER COUNTRY MARKETS

Armenia

(AMD bn)	3Q22	3Q21	Change, %
Revenue	13.3	12.9	3.4%
OIBDA	7.4	6.8	8.7%
margin	55.7%	53.0%	2.7 p.p
Net profit	3.3	1.2	181.0%
margin	25.1%	9.2%	15.9 p.p

In Armenia, revenue in Q3 2022 increased 3.4% year-over-year and amounted to AMD 13.3 bn, reflecting a growing demand for mobile connectivity and content services. For the quarter, Armenia OIBDA amounted to AMD 7.4 bn on the back of growth in voice and data, sms and interconnect services. In Q3 2022, the number of mobile subscribers in Armenia amounted to 2.3 m; 2.2% higher compared to the previous quarter.

Belarus

(BYN m)	3Q22	3Q21	Change, %
Revenue	372	353	5.4%
OIBDA	195	179	8.9%
margin	52.6%	50.8%	1.8 p.p
Net profit	118	94	25.5%
margin	31.5%	26.9%	4.6 p.p

In Belarus, which is not consolidated, revenue in Q3 2022 increased 5.4% year-over-year to reach BYN 372 m. Belarus OIBDA surged 8.9% to BYN 195 m, reflecting growth in revenue from data transfer due to increased traffic consumption and growth of retail margin. The number of mobile subscribers in Belarus remained largely unchanged at 5.7 m as of the end of the reporting period.

RECENT COMPANY NEWS

Corporate developments

In May, the Russian Government Commission on Monitoring Foreign Investment (“the Commission”) approved the Company’s request to maintain its American Depositary Receipts (ADR) program. The Commission’s decision provided for the continuation of circulation of MTS ADRs until July 12, 2022 (inclusive).

In June, MTS informed JPMorgan Chase Bank, N.A., the depository under the existing MTS ADR program, of its intention to terminate the Deposit Agreement, effective as of July 13, 2022.

In July, MTS was notified by the New York Stock Exchange (“NYSE”), that the staff of NYSE Regulation had determined to commence proceedings to delist the Company’s ADRs. In August, MTS received confirmation from the NYSE that the Company’s ADRs had been delisted from the NYSE effective August 8, 2022. Under the terms of the Deposit Agreement, the conversion of MTS’s ADRs into MTS’s ordinary shares shall be completed within six months after July 12, 2022, i.e., by January 12, 2023 (inclusive).

In August, MTS filed an application with J.P. Morgan Bank International for the launch of MTS ADR automatic conversion into ordinary shares under the current Russian legislation. J.P. Morgan Bank International is the Russian depository which accounts for American Depositary Receipts (ADR) of MTS under the MTS ADR Program held by JPMorgan Chase Bank, N.A. (JPMorgan). During the automatic conversion process, all Russian depositories that accounted for ADRs have written ADRs off from the holders' accounts and instead, credited MTS ordinary shares.

In July, MTS announced new appointments to the management team:

- Marina Nastasenko was appointed to a new position as a Management Board member – Vice President for Digital Products, effective September 5. Before the appointment, she served as General Director of Salyut for Business, a part of the Sber ecosystem.
- Evgeniya Naumova, former Executive Vice President for Corporate Business of Kaspersky Lab, was appointed to the new position of Director for Cybersecurity.
- Andrey Rego, previously head of the Department of Regulatory Policy and Interaction with Federal Authorities at MTS, was appointed Vice President for Government Relations. Ruslan Ibragimov, the former Vice President for Government Relations and Board member of MTS, left the company due to the expiration of his employment contract.

Debt

In August, MTS successfully completed the simultaneous placement of bonds from two issuers that are full-fledged participants of the same ecosystem – MTS and MTS Bank. MTS issued RUB 20 bn series 001P-22 exchange-traded bonds with a maturity of two years and a coupon rate of 8.30% per annum and MTS Bank issued – RUB 7 bn series 001P-02 exchange-traded bonds with a maturity of three years and a coupon rate of 9.55% per annum.

M&A

In July, MTS announced the acquisition of a 100% stake in Bronevik Online LLC and Bronevik Company LLC (Bronevik Group, one of the market leaders in online hotel booking). The acquisition is aimed at developing a new business line, MTS Travel, in the tourism industry. Bronevik Group was founded in 2008 and, today, is one of the market leaders in online hotel booking, transfer, and related services. It develops private and business tourism by providing accommodation booking services in Russia, neighboring countries and beyond.

In July, MTS announced the acquisition of a controlling stake in the Webinar group of companies (the Webinar Meetings, Webinar.ru, We.Study and COMDI brands), the largest Russian developer of services for online meetings, events, training and webinars. Founded in 2008, today it is the leader among Russian videoconferencing solutions and video services for corporations. Webinar services are included in the register of domestic software and have their own server infrastructure in Russia.

In July, MTS acquired a 25% stake in New Digital Solutions LLC, a joint venture to develop 5G technology, which brings together Russia's largest telecom operators. The goal of the joint venture is to provide radio frequency resources to build 5G mobile networks in Russia.

In August, the MTS Corporate Venture Fund invested in the Belarusian start-up LogicLike, an online educational platform for the development of logic and reasoning in children. Now, LogicLike's interactive courses and games for children's comprehensive educational development are available to both new and existing subscribers of MTS's 'NETARIF' Junior.

In October, MTS PJSC and MTS Auto LLC, a 100% subsidiary of MTS, announced about the investments in Navitel Group, a Russian provider of navigation and cartographic solutions. The deal will enable MTS to create its own geoservices platform for the development of an ecosystem of services and transport solutions. Founded in 2006, Navitel Group is a developer and distributor of navigation software, and an independent provider of geoservices and monitoring services in Russia. Navitel also develops navigation devices and video recorders.

In October, MTS closed the deal on the sale of NVision a.s. in the Czech Republic; the plant that specializes in the production and supply of Tier 2 electronic components for the automotive industry, as well as microelectronic components. The deal received all corporate approvals, including from the MTS Board of Directors.

Cloud & IoT

In August, MTS announced the launch of its proprietary Smart Lock, the first IoT solution in Russia for keyless access to protected facilities. The solution is a vandal-resistant lock with a built-in NB-IoT radio module that can be opened and locked remotely from a mobile application, via a web interface or by calling an operator.

In August, MTS opened a new Data Center in Novosibirsk, the first modular MTS DC in eastern Russia. MTS corporate clients in Siberia will be able to use the new facilities to migrate IT systems to the #CloudMTS, to process and store data, backup, protect against DDos attacks and other business tasks.

Between August and October, MTS successfully implemented a system for the continuous monitoring of the climate regime using its own Celsius IoT solution in a medical center and a number of cultural facilities in four regions of Russia. Celsius is a portable sensor that monitors temperature, humidity, pressure and indoor air quality.

In September, MTS deployed an intelligent security system on the territory of the largest resource supply organization in the Yamalo-Nenets Autonomous Okrug, the Urengoy Electric Grid Company. The solution, based on integrated video surveillance, conducts round-the-clock monitoring of production facilities, and ensures the safety of the distribution enterprise's territory in the far north.

Innovation and products

In September, MTS introduced the “Stroki” digital book service with a complete catalog of popular classics, contemporary literature, exclusive editions, and author's podcasts, as well as its own publishing house. The library catalog will include hundreds of thousands of books, audiobooks and magazines. Under the new brand, Stroki will produce original content, as well as publish foreign bestsellers with exclusive rights.

In October, MTS announced that MTS AI had developed a SuperResolution solution that allows the conversion of videos to 4k format, as well as an algorithm for skipping titles and repeating screensavers in series, for the KION online cinema.

In November, MTS announced the launch of two new TV channels of its own production - FamilyJam and DetectiveJam. Both channels are available in HD. The TV channels will be available for viewing to users of all MTS services, including the KION online cinema, as well as MTS home and satellite TV.

Partnerships

In August, MTS announced the development of a new type of partnership with regional operators to create and promote joint convergent products. The project will enable MTS, together with high-quality local operators, to offer popular products and digital services (fixed broadband, mobile connectivity, KION OTT platform and/or IPTV) on regional markets.

In August, MTS and car sharing service BelkaCar announced the launch of a series of free audio guides for car drivers on the MTS Music platform. The route of the first audio guide will run from Moscow to the museum-estate "Yasnaya Polyana" in the Tula region.

In September, MTS Entertainment signed the agreements on the transfer of management of the Music Media Dome multimedia space in Moscow and the M-1 Arena concert and sports complex in St. Petersburg. The venues will become part of the MTS Live federal network and will be named MTC Live Hall in Moscow and MTC Live Arena in St. Petersburg. According to the signed agreements, all operational management of the venues is transferred to MTS Entertainment. This includes organizing concerts and leasing venues for events and shows, selling tickets, operating bars and restaurants, sponsorships, and advertising integration.

In November, MTS announced a strategic partnership with Rubbles, a Russian provider of business optimization solutions based on big data. The companies will jointly develop products for different industries. Rubbles specializes in business and technology process optimization based on big data analysis and artificial intelligence. The company helps to automate demand analysis, pricing, process control, and personalize customer communications.

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 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 the situation in Ukraine, the expansion of sanctions and restrictive measures imposed on the Russian Federation and a number of Russian legal and natural person by the United States, European Union, United Kingdom and certain other states, responsive measures of regulatory, legislative and other nature made by Russian authorities as a reaction to foreign sanctions and restrictive measures, 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; 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, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, governmental regulation of the telecommunications industries and other risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks, as well as potential aggravation of existing risk factors or appearance of new.

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 the 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 follows⁹:

Group (RUB bn)	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Operating profit	33.4	25.7	26.7	22.3	32.6
Add: D&A	27.8	29.6	29.5	29.2	27.8
Loss from impairment of non-current assets	-	-	0.2	0.3	-
Adjusted OIBDA	61.3	55.4	56.4	51.8	60.5

Russia (RUB bn)	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Operating profit	32.8	25.3	25.7	22.2	32.3
Add: D&A	27.2	29.0	28.9	28.7	27.4
Loss from impairment of non-current assets	-	-	0.2	0.3	-
Adjusted OIBDA	60.0	54.4	54.9	51.2	59.7

Armenia (RUB m)	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Operating profit	390	346	528	528	606
Add: D&A	632	594	595	462	470
OIBDA	1022	940	1123	990	1076

⁹ Totals may add up differently due to rounding.

OIBDA and OIBDA margin can be reconciled to our operating margin as follows¹⁰:

Group	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Operating margin	24.5%	18.1%	20.2%	17.5%	23.7%
Add: D&A	20.4%	20.9%	22.4%	22.9%	20.2%
Loss from impairment of non-current assets			0.2%	0.2%	
Adjusted OIBDA margin	44.8%	39.0%	42.7%	40.6%	43.9%

Russia	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Operating margin	24.3%	18.1%	19.8%	17.6%	23.8%
Add: D&A	20.2%	20.7%	22.3%	22.8%	20.1%
Loss from impairment of non-current assets	-	-	0.2%	0.2%	
Adjusted OIBDA margin	44.5%	38.8%	42.2%	40.6%	43.9%

Armenia	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
Operating margin	20.2%	18.4%	25.4%	28.7%	31.3%
Add: D&A	32.8%	31.6%	28.6%	25.1%	24.3%
OIBDA margin	53.0%	49.9%	54.0%	53.8%	55.7%

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

Group (RUB bn)	9m21	12m21	3m21	6m22	9m22
Group free cash flow	-5.9	27.7	-33.6	-13.6	35.5
Less: Bank free cash flow	-30.1	-27.5	-13.6	-8.3	17.8
Less: Cash proceeds from sale of VF Ukraine	1.3	1.3	-	-	
Free cash flow ex-Bank and cash proceeds from sale of VF Ukraine	23.0	53.9	-20.0	-5.3	17.7

¹⁰ 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 NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (AMOUNTS IN MILLIONS OF RUB EXCEPT PER SHARE AMOUNT)

	Nine months ended	Nine months ended	Three months ended	Three months ended
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Service revenue	364,601	336,893	126,998	118,556
Sales of goods	32,792	48,955	10,657	18,039
Revenue	397,393	385,848	137,655	136,595
Cost of services	(112,042)	(96,599)	(38,089)	(34,755)
Cost of goods	(29,424)	(47,677)	(9,370)	(17,435)
Selling, general and administrative expenses	(78,003)	(68,525)	(27,138)	(22,889)
Depreciation and amortization	(86,601)	(81,321)	(27,845)	(27,833)
Operating share of the profit of associates and joint ventures	3,508	4,289	1,214	1,296
Impairment of non-current assets	(489)	10	-	-
Other operating expenses	(12,737)	(3,767)	(3,811)	(1,559)
Operating profit	81,605	92,258	32,616	33,420
Other non- operating income / (expenses):				
Finance income	1,036	2,033	680	476
Finance costs	(44,793)	(29,710)	(13,834)	(10,645)
Other non-operating income	2,223	844	(3,169)	(488)
Total other non-operating expenses, net	(41,534)	(26,833)	(16,323)	(10,657)
Profit before tax from continuing operations	40,071	65,425	16,293	22,763
Income tax expense	(9,526)	(15,442)	(3,548)	(6,154)
Profit for the period from continuing operations	30,545	49,983	12,745	16,609
Discontinued operation:				
Profit after tax for the period from discontinued operation	(2,803)	535	(136)	95
Profit for the period	27,742	50,518	12,609	16,704
Profit for the period attributable to non-controlling interests	(602)	(659)	(272)	(237)
Profit for the period attributable to owners of the Company	27,140	49,859	12,337	16,467

Other comprehensive (loss) / income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	(3,122)	829	2,146	333
Net fair value (loss)/income on financial instruments	(257)	-	(172)	-
Other comprehensive (loss) / income for the period	(3,379)	829	1,974	333
Total comprehensive income for the period	24,363	51,346	14,583	17,037
Less comprehensive income for the period attributable to the noncontrolling interests	(602)	(659)	(272)	(237)
Comprehensive income for the period attributable to owners of the Company	23,761	50,687	14,311	16,800
Weighted average number of common shares outstanding, in thousands - basic	1,677,886	1,700,893	1,684,411	1,672,253
Earnings per share attributable to the Group - basic:				
EPS from continuing operations	17.85	29.00	7.40	9.79
EPS from discontinued operation	(1.67)	0.31	(0.08)	0.06
Total EPS - basic	16.18	29.31	7.32	9.85
Weighted average number of common shares outstanding, in thousands - diluted	1,703,881	1,706,255	1,709,967	1,684,833
Earnings per share attributable to the Group - diluted:				
EPS from continuing operations	17.57	28.91	7.29	9.72
EPS from discontinued operation	(1.64)	0.31	(0.08)	0.06
Total EPS - diluted	15.93	29.22	7.21	9.78

MOBILE TELESYSTEMS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 AND AS OF DECEMBER 31, 2021
 (AMOUNTS IN MILLIONS OF RUB)

	As of September 30, 2022	As of December 31, 2022
NON-CURRENT ASSETS:		
Property, plant and equipment	309,039	311,250
Investment property	1,951	2,498
Right-of-use assets	121,383	132,343
Intangible assets	158,953	142,951
Investments in associates	8,546	8,735
Other investments	8,358	4,591
Deferred tax assets	13,523	11,683
Accounts receivable, related parties	1,882	5,000
Bank loans to customers and interbank loans due from banks	123,712	118,342
Other financial assets	3,229	9,335
Other non-financial assets	4,878	5,790
Total non-current assets	755,454	752,518
CURRENT ASSETS:		
Inventories	11,892	18,981
Trade and other receivables	35,365	37,897
Accounts receivable, related parties	3,886	2,287
Bank loans to customers and interbank loans due from banks	95,384	87,594
Short-term investments	20,162	28,972
VAT receivable	9,340	11,746
Income tax assets	5,611	2,021
Assets held for sale	2,177	549
Cash and cash equivalents	81,094	40,590
Other financial current assets	22,998	27,349
Advances paid and prepaid expenses, contract and other non-financial current assets	13,759	5,314
Total current assets	301,668	263,300
Total assets	1,057,122	1,015,818
EQUITY:		
Equity attributable to owners of the Company*	-20,545	9,766
Non-controlling interests	5,491	4,838
Total equity	-15,054	14,604
NON-CURRENT LIABILITIES:		
Borrowings	367,106	350,300
Lease obligation	125,178	135,800
Bank deposits and liabilities	8,924	14,313
Deferred tax liabilities	21,934	17,901
Provisions	10,622	7,288
Other financial liabilities	3,292	180
Other non-financial liabilities	1,993	2,012
Total non-current liabilities	539,049	527,794
CURRENT LIABILITIES:		
Trade and other payables	61,512	72,078
Accounts payable, related parties	1,320	4,107
Borrowings	148,658	111,839
Lease obligation	19,417	18,709
Bank deposits and liabilities	234,032	207,055
Income tax liabilities	696	768
Provisions	14,517	17,479
Other financial liabilities	427	202
Other non-financial and contract liabilities	52,548	41,183
Total current liabilities	533,127	473,420
Total equity and liabilities	1,057,122	1,015,818

MOBILE TELESYSTEMS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
 (AMOUNTS IN MILLIONS OF RUB)

	Nine months ended	Nine months ended
	September 30, 2022	September 30, 2021
Profit for the period	27,742	50,517
Adjustments for:		
Depreciation and amortization	86,699	81,408
Finance income	(1,036)	(2,033)
Finance costs	44,808	29,717
Income tax expense	9,494	15,463
Net foreign exchange gain and change in fair value of financial instruments	(961)	(1,074)
Share of the (profit) / loss of associates	(3,695)	(4,433)
Inventory obsolescence expense	1,670	1,057
Impairment of financial assets	20,139	8,250
Change in provisions	(729)	393
Impairment of non-current assets	489	(10)
Other non-cash items	(204)	(4,831)
Movements in operating assets and liabilities:		
Increase in trade and other receivables and contract assets	(512)	(5,375)
Increase in bank loans to customers and interbank loans to banks	(36,010)	(72,268)
Decrease/(increase) in inventory	4,341	(94)
Decrease/(increase) in VAT receivable	2,397	(2,259)
Decrease in advances paid and prepaid expenses	47	1,045
(Decrease)/Increase in trade and other payables, contract liabilities and other liabilities	(7,166)	4,585
Increase in bank deposits and other bank liabilities	28,116	25,363
Dividends received	3,146	3,202
Income taxes paid	(12,457)	(13,111)
Interest received	966	1,720
Interest paid, net of interest capitalised	(41,816)	(29,439)
Net cash provided by operating activities	125,468	87,793
CASH FLOWS FROM INVESTING ACTIVITIES:		
Aquisition of subsidiary, net of cash acquired	(12,989)	(9,821)
Purchases of property, plant and equipment	(50,161)	(57,137)
Purchases of other intangible assets (excl. cost to obtain contracts)	(25,606)	(31,082)
Cost to obtain and fulfill contracts, paid	(3,262)	(2,741)

Proceeds from sale of property, plant and equipment and assets held for sale	3,553	3,906
Purchases of short-term and other investments	(1,990)	(9,691)
Proceeds from sale of short-term and other investments	9,594	8,906
Investments in associates	(1,347)	(1,087)
Cash payments related to swap contracts	(783)	(349)
Proceeds from sale of subsidiaries	(129)	1,272
Other investing activities	434	3,084
Net cash used in investing activities	(82,686)	(94,740)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loans	(36,001)	(9,133)
Proceeds from loans	68,128	46,047
Repayment of notes	(20,796)	(20,813)
Proceeds from issuance of notes	49,900	4,350
Notes and debt issuance cost paid	(187)	(95)
Lease obligation principal paid	(12,001)	(11,361)
Dividends paid	(40,951)	(44,301)
Repurchase of common stock	-	(18,390)
Other financing activities	(1,898)	(3,474)
Net cash provided by / (used in) financing activities	6,194	(57,170)
Effect of exchange rate changes on cash and cash equivalents	(8,393)	(14)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS:	40,583	(64,131)
CASH AND CASH EQUIVALENTS, at beginning of the period	40,590	85,469
CASH AND CASH EQUIVALENTS, at end of the period	81,173	21,338



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