

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2025
(unaudited)

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of
Mobile TeleSystems Public Joint Stock Company:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mobile TeleSystems Public Joint Stock Company and its subsidiaries (the "Group") as of June 30, 2025 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Andrei Shvetsov
Engagement partner
AO "Business Solutions and Technologies"
(ORNZ № 12006020384)



Moscow, Russia
August 22, 2025

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2025

(Amounts in millions of Russian Rubles)

	Notes	June 30, 2025 (unaudited)	December 31, 2024
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	9	339,748	339,510
Investment property		8,804	9,249
Right-of-use assets	12	91,394	99,032
Goodwill	3	62,470	61,736
Other intangible assets	9	158,727	157,408
Investments in associates and joint ventures	7	13,205	14,866
Other investments	8, 13	122,476	48,421
Deferred tax assets	15	27,546	14,129
Accounts receivable, related parties	17	792	1,099
Trade accounts receivable		1,082	1,184
Bank deposits and loans to customers	14	222,247	218,228
Other financial assets		9,909	11,697
Other assets		1,388	1,910
Total non-current assets		1,059,788	978,469
CURRENT ASSETS:			
Inventories		13,829	15,462
Trade and other receivables		53,737	50,186
Accounts receivable, related parties	17	4,749	3,929
Bank deposits and loans to customers	14	145,175	162,335
Short-term investments	6, 13	207,443	85,747
Advances paid and prepaid expenses		9,252	10,532
VAT receivable		10,858	11,666
Income tax assets		5,255	5,637
Cash and cash equivalents		71,254	109,776
Other financial assets	13	104,225	79,581
Other assets		3,433	3,260
Assets held for sale	5	1,215	383
Total current assets		630,425	538,494
TOTAL ASSETS		1,690,213	1,516,963

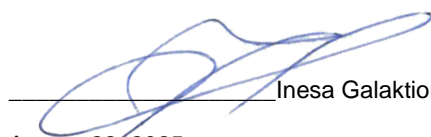
PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2025 (CONTINUED) (Amounts in millions of Russian Rubles)

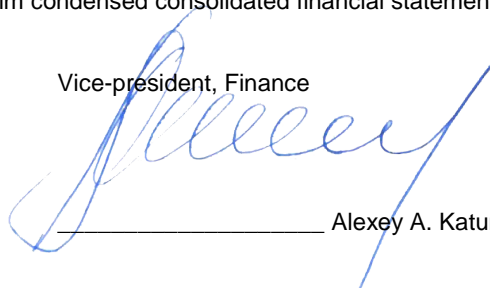
	Notes	June 30, 2025 (unaudited)	December 31, 2024
EQUITY AND LIABILITIES			
EQUITY:			
Common stock	16	200	200
Retained earnings		20,610	56,113
Other reserves	16	(93,372)	(93,992)
Equity attributable to owners of the Company		(72,562)	(37,679)
Non-controlling interests		27,269	26,445
Total equity		(45,293)	(11,234)
NON-CURRENT LIABILITIES:			
Borrowings	10	399,532	270,004
Lease obligations	12	91,147	98,411
Bank deposits and liabilities	14	15,469	11,440
Deferred tax liabilities	15	4,126	3,405
Provisions		5,557	5,101
Contract liabilities		1,524	1,380
Other financial liabilities		3,230	5,299
Other liabilities		3,674	2,892
Total non-current liabilities		524,259	397,932
CURRENT LIABILITIES:			
Trade and other payables		159,905	128,562
Accounts payable, related parties	17	2,096	750
Contract liabilities		34,716	34,182
Borrowings	10	308,408	401,775
Lease obligations	12	21,388	23,092
Bank deposits and liabilities	14	604,064	460,067
Income tax liabilities		2,976	2,685
Provisions		38,792	41,070
Other financial liabilities		5,022	5,202
Other liabilities		33,880	32,880
Total current liabilities		1,211,247	1,130,265
TOTAL EQUITY AND LIABILITIES		1,690,213	1,516,363

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CEO


Inesa Galaktionova
August 22, 2025

Vice-president, Finance


Alexey A. Katunin

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

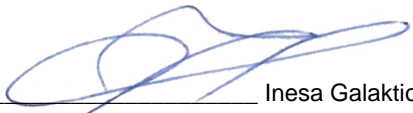
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2025

(Amounts in millions of Russian Rubles, except per share amounts)

	Notes	Six months ended June 30,	
		2025	2024
		(unaudited)	(unaudited)
Service revenue		347,053	305,278
Sales of goods		23,853	26,905
Revenue	4	370,906	332,183
Cost of services		133,753	99,969
Cost of goods		21,474	24,917
Selling, general and administrative expenses		67,535	71,531
Depreciation and amortization		64,814	53,596
Share of income of associates and joint ventures: extantion of core business		(2,958)	(4,581)
Expected credit losses		12,698	16,555
Other operating expenses/(income), net		2,327	(732)
Operating profit	4	71,263	70,928
Finance income	11	(5,826)	(2,319)
Finance costs	11	74,163	43,321
Share of income of associates and joint ventures: other entities		(322)	(212)
Other non-operating income, net		(6,995)	(4,851)
Profit before tax from continuing operations		10,243	34,989
Income tax expense from continuing operations	15	1,376	7,109
Profit for the period from continuing operations		8,867	27,880
Profit from discontinued operations, net of tax	5	-	19,670
Profit for the period		8,867	47,550
Profit for the period attributable to:			
Owners of the Company		7,695	46,649
Non-controlling interests		1,172	901
Earnings per share from continuing operations (basic and diluted), Russian Rubles:		4.61 and 4.58	16.00 and 15.89
Earnings per share from discontinued operations (basic and diluted), Russian Rubles:		-	11.67 and 11.59
Earnings per share, total (basic and diluted), Russian Rubles:		4.61 and 4.58	27.67 and 27.48

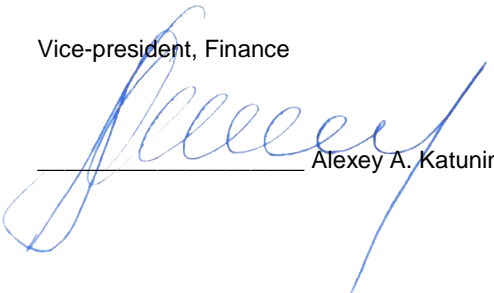
The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CEO


Inesa Galaktionova

August 22, 2025

Vice-president, Finance


Alexey A. Katunin

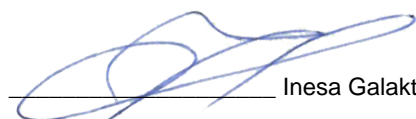
PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2025 (Amounts in millions of Russian Rubles)

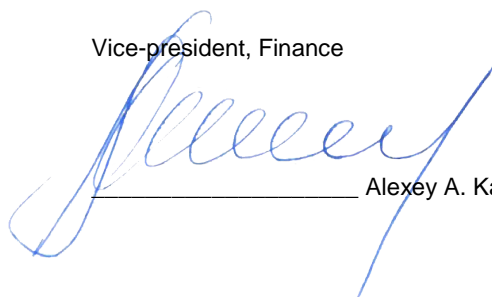
	Six months ended June 30,	
	2025	2024
	(unaudited)	(unaudited)
Profit for the period	8,867	47,550
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Reclassification to profit and loss due to disposal of a subsidiary (Note 5)	-	(17,547)
Exchange differences on translating foreign operations	(102)	(236)
Net fair value loss on financial instruments, net of tax	985	(120)
Exchange differences on translating foreign operations in associates	(741)	(275)
Other comprehensive income/(loss) for the period, net of tax	142	(18,178)
Total comprehensive income for the period	9,009	29,372
Total comprehensive income for the year attributable to:		
owners of the Company	7,837	28,471
non-controlling interests	1,172	901

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

CEO


Inesa Galaktionova
August 22, 2025

Vice-president, Finance


Alexey A. Katunin

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS OF JUNE 30, 2025 (UNAUDITED)

(Amounts in millions of Russian Rubles, except share amounts)

	Common stock		Retained earnings	Other reserves	Equity attributable owners of the Company	Non- controlling interests	Total equity
	Shares	Amount					
Balance at December 31, 2023	1,998,381,575	200	66,301	(71,599)	(5,098)	6,818	1,720
Profit for the period	-	-	46,649	-	46,649	901	47,550
Disposal of subsidiary, net of income tax	-	-	-	(17,548)	(17,548)	-	(17,548)
Change in fair value of investments, net of income tax of RUB 28 million	-	-	-	(120)	(120)	-	(120)
Currency translation adjustment	-	-	-	(511)	(511)	-	(511)
Total comprehensive income for the period	-	-	46,649	(18,179)	28,470	901	29,371
Issuance of stock options to employees	-	-	-	(5)	(5)	-	(5)
Issuance of non-controlling interest	-	-	-	86	86	11,632	11,718
Dividends declared by MTS	-	-	(57,982)	-	(57,982)	-	(57,982)
Other	-	-	-	(3,143)	(3,143)	(223)	(3,366)
Balance at June 30, 2024	1,998,381,575	200	54,968	(92,840)	(37,672)	19,128	(18,544)
Balance at December 31, 2024	1,998,381,575	200	56,113	(93,992)	(37,679)	26,445	(11,234)
Profit for the period	-	-	7,695	-	7,695	1,172	8,867
Disposal of subsidiary, net of income tax	-	-	-	-	-	-	-
Change in fair value of investments, net of income tax of RUB 246 million	-	-	-	985	985	-	985
Currency translation adjustment	-	-	-	(843)	(843)	-	(843)
Total comprehensive income for the period	-	-	7,695	142	7,837	1,172	9,009
Issuance of stock options to employees	-	-	-	432	432	-	432
Issuance of non-controlling interest	-	-	-	-	-	180	180
Dividends declared by MTS and subsidiaries	-	-	(58,194)	-	(58,194)	(528)	(58,722)
Unclaimed dividends for 2021 (Note 16)	-	-	14,996	-	14,996	-	14,996
Other	-	-	-	46	46	-	46
Balance at June 30, 2025	1,998,381,575	200	20,610	(93,372)	(72,562)	27,269	(45,293)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2025 (Amounts in millions of Russian Rubles)

	Notes	Six months ended June 30,	
		2025	2024
		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period		8,867	47,550
Adjustments for:			
Depreciation and amortization		64,814	53,851
Expected credit losses		12,698	16,553
Finance income		(5,826)	(2,394)
Finance costs		74,163	43,332
Income tax expense		1,376	7,168
Share of profit of associates and joint ventures		(3,280)	(4,793)
Gain from disposal of Armenia operations		-	(19,074)
Net foreign exchange income and change in fair value of financial instruments		(6,350)	(6,980)
Inventory obsolescence expense		988	810
Change in provisions		(1,087)	(4,967)
Other non-cash items		3,535	(439)
Movements in operating assets and liabilities:			
Increase in trade and other receivables and contract assets		(4,362)	(2,398)
Increase in bank deposits and loans to customers		(3,563)	(39,947)
Decrease/(increase) in inventory		777	(862)
Increase in advances paid, prepaid expenses and other financial assets		(25,716)	(15,800)
Decrease in VAT receivable		759	705
Decrease in trade and other payables, contract liabilities and other current liabilities		(3,490)	(2,538)
Increase in bank deposits and liabilities		80,824	5,799
Dividends received		3,419	2,835
Income tax paid		(13,834)	(7,549)
Interest received		3,315	1,483
Interest paid, net of interest capitalized		(70,956)	(40,879)
NET CASH PROVIDED BY OPERATING ACTIVITIES		117,071	31,466
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of subsidiaries, net of cash acquired (Note 3)		(419)	(279)
Purchases of property, plant and equipment (including capitalized interest in the amount of RUB 669 million and RUB 485 million, respectively)		(29,046)	(29,919)
Purchases of other intangible assets (including capitalized interest in the amount of RUB 1,809 million and RUB 498 million, respectively)		(33,352)	(30,674)
Purchases of investment property		(14)	(61)
Cost to obtain and fulfill contracts, paid		(2,791)	(2,537)
Proceeds from sale of property, plant and equipment and other related compensation		2,382	3,767
Purchases of short-term and other investments		(131,422)	(17,367)
Proceeds from sale of short-term and other investments		16,478	10,795
Investments in associates and joint ventures		-	(4,637)
Cash flows related to swap contracts		(13,390)	(7,972)
Proceeds from sale of subsidiaries, net of cash disposed of	5	-	15,561
NET CASH USED IN INVESTING ACTIVITIES		(191,574)	(63,323)

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2025 (CONTINUED) (Amounts in millions of Russian Rubles)

	Six months ended June 30,	
	2025	2024
	(unaudited)	(unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes	(55,020)	(14,612)
Proceeds from issuance of notes	103,202	42,331
Notes and debt issuance cost paid	(597)	-
Lease obligation principal paid	(10,392)	(9,053)
Dividends paid	(7)	-
Proceeds from loans	196,719	60,875
Repayment of loans	(196,727)	(61,214)
Sale of ownership interest in a subsidiary without loss of control	-	11,278
Acquisition of ownership interest in subsidiaries without change in control	(831)	(821)
Other financial activities	-	(723)
NET CASH PROVIDED BY FINANCING ACTIVITIES	36,347	28,061
Effect of foreign exchange rate changes on cash and cash equivalents	(311)	(368)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(38,467)	(4,164)
CASH AND CASH EQUIVALENTS, beginning of the period (including cash and cash equivalents within assets held for sale in amount of RUB nil million and RUB 2,058 million, respectively)	109,776	75,811
CASH AND CASH EQUIVALENTS, end of the period (including cash and cash equivalents within assets held for sale)	71,309	71,647
Less cash and cash equivalents within held for sale	(55)	-
CASH AND CASH EQUIVALENTS, end of the period	71,254	71,647

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Amounts in millions of Russian Rubles unless otherwise stated)

1. GENERAL INFORMATION AND DESCRIPTION OF BUSINESS

Mobile TeleSystems Public Joint-Stock Company ("MTS PJSC" or "the Company") is a company incorporated under the laws of the Russian Federation and having its registered address at 4, Marksistskaya Street, 109147, Moscow, Russian Federation.

Business of the Group and its subsidiaries ("Group" or "MTS") – MTS PJSC was incorporated on March 1, 2000. MTS CJSC started its operations in the Moscow licence area in 1994. As of June 30, 2025 and December 31, 2024, 42.1% of the Company's issued shares were held by Sistema Public Joint-Stock Financial Corporation or Sistema and its subsidiary, 49.0% of the issued shares were owned by a significant number of shareholders. As of June 30, 2025 and December 31, 2024, Vladimir P. Yevtushenkov held 49.2% of Sistema's issued shares. 50.8% of Sistema's shares were held by a significant number of shareholders as of June 30, 2025 and December 31, 2024, respectively.

Since 2003 common shares of MTS PJSC have been traded on the PJSC "Moscow Exchange MICEX-RTS" (the "Moscow Exchange").

The Group provides a wide range of telecommunications and digital services including voice and data transmission, internet access, cable TV, various value added services ("VAS") through wireless and fixed lines, fintech and marketing services, B2B Cloud and digital solutions as well as the sale of equipment, accessories and software and rent of scooters. The Group primarily operates in Russia.

Seasonality – Whilst the Group does not view its business as highly seasonal as defined by IAS 34, *Interim Financial Reporting*, however, its financial results are impacted by seasonality through the calendar year, which is manifested, in particular, by an increase in demand for scooter rentals in May-September or demand for handsets and accessories at the year-end before winter holidays.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

Basis of preparation – These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2024.

Interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its 2024 audited consolidated financial statements, such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequently to the issuance of its annual consolidated financial statements of the Group for the year ended December 31, 2024.

Management believes that the disclosures in interim condensed consolidated financial statements are adequate to make the presented information not misleading if interim condensed consolidated financial statements are read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2024 and the notes related thereto. In the opinion of management, the financial statements reflect all adjustments necessary to present the Group's financial position, financial performance and cash flows for the interim reporting period in accordance with IAS 34, *Interim Financial Reporting*. Operating results for the six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the year ended December 31, 2025.

Interim condensed consolidated financial statements have been prepared on a historical cost basis, unless disclosed otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Amounts in the interim condensed consolidated financial statements are stated in millions of Russian Rubles ("RUB million"), unless indicated otherwise.

Interim condensed consolidated financial statements for the six months ended June 30, 2025 were authorized for issue by the Company's CEO on August 22, 2025.

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Amounts in millions of Russian Rubles unless otherwise stated)

As of June 30, 2025, current liabilities exceeded current assets by RUB 580,822 million. The management believes the Group has sufficient existing and continuing access to liquidity through both operating cash flows and the availability of committed credit facilities of RUB 259,370 million (Note 10). In addition, the Group has the potential to raise about 714,430 million rubles under the note issue programs. In the first half of 2025, the Group generated a net profit of RUB 8,867 million, with a net operating cash flow of RUB 117,071 million. As of the reporting date, the Group held cash and cash equivalents totalling RUB 71,254 million.

Therefore, interim condensed consolidated financial statements have been prepared on a going concern basis, reflecting the reasonable assumption by management that the Group possesses the necessary resources to continue its operational activities for the foreseeable future.

Significant accounting policies – The accounting policies and methods of computation applied in the preparation of interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2024, with exception of income tax calculation performed using the best estimate of the weighted average annual income tax rate expected for 2025.

In the first half of 2025 the Group adopted the following amendment:

Amendments to IAS 21	<i>Lack of Exchangeability</i>
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This amendment had no effect on the Group's interim condensed consolidated financial statements.

3. BUSINESS ACQUISITIONS

Acquisition of developer and distributor of navigation software and devices – In March 2025, under the provisions of the shareholders' agreement, the Group obtained control over the developer and distributor of navigation software and devices. The fair value of previously held interest of 50.85%, previously accounted as the investment in joint venture, amounted to RUB 688 million. The Group has option agreements for the remaining 49.15% stake.

Acquisition of software developer – Also in March 2025 based on additional rights provided by the option agreements, the Group obtained control over the developer of software. The purchase price includes the liabilities to owners incurred under the option agreements.

The preliminary purchase price allocation for the acquired company was as follows:

	In aggregate for individually immaterial acquisitions
Goodwill	617 ⁽¹⁾
Other intangible assets	734
Property, plant and equipment	49
Other non-current assets	68
Other current assets	511
Cash and cash equivalents	66
Current liabilities	(788)
Non-current liabilities	(26)
Total consideration and the fair value of previously held interest	1,231
Including:	
Liability to purchase non-controlling interest	543
Fair value of previously held interest	688

⁽¹⁾ The preliminary goodwill is attributable to the expected synergies arising from the acquisition and allocated to segments not defined as reporting, therefore reported within the "Other" category, disclosed in Note 4.

None of the provisional amounts of goodwill recognized is expected to be deductible for income tax purposes.

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Amounts in millions of Russian Rubles unless otherwise stated)

Since the dates of acquisition the businesses acquired contributed revenue of RUB 295 million and net income of RUB 58 million to the interim condensed consolidated statement of profit or loss for the six months ended June 30, 2025. If the acquisitions had taken place at the beginning of the period, the Group's revenue and net profit would have been RUB 371,045 million and RUB 7,733 million, respectively.

4. SEGMENT INFORMATION

Management (chief operating decision maker) analyzes and reviews results of the Group's operating segments separately based on the nature of products and services, regulatory environments and geographic areas. Management of the Group evaluates the performance of each segment based on revenue and operating profit, excluding depreciation and amortization measured on the basis consistent with IFRS consolidated financial statements (the relevant financial indicator called OIBDA). Management does not analyze assets or liabilities by reportable segments.

The Group identifies the following operating segments as reportable:

Telecom: represents the results of mobile and fixed line operations, which encompasses services rendered to customers across the regions of Russia, including voice and data services, transmission, broadband, cable TV and various value-added services and sales of handsets and accessories.

Fintech: represents the results of banking services, investment management and services of credit broker, rendered to customers across regions of Russia.

Other: category does not constitute a reportable segment. It includes the results of a number of other operating segments that do not meet the quantitative thresholds for separate reporting.

The intercompany eliminations presented below primarily consist of sales transactions between segments conducted under the normal course of operations.

Financial information by reportable segments is presented below:

For the six months ended June 30, 2025:	Telecom	Fintech	Total of reportable segments	Other	HQ and elimination	Consolidated
Revenue						
Connectivity services	217,977	-	217,977	43,292	-	261,269
Sales of goods	22,635	-	22,635	1,218	-	23,853
Fintech services	-	74,533	74,533	-	-	74,533
Other services	2,222	585	2,807	8,444	-	11,251
External Customers	242,834	75,118	317,952	52,954	-	370,906
Intersegment	17,695	5,279	22,974	42,975	(65,949)	-
Total revenue	260,529	80,397	340,926	95,929	(65,949)	370,906
OIBDA	95,453	9,426	104,879	44,445	(13,247)	136,077
Depreciation and amortization						(64,814)
Operating profit						71,263

For the six months ended June 30, 2024:	Telecom	Fintech	Total of reportable segments	Other	HQ and elimination	Consolidated
Revenue						
Connectivity services	227,335	-	227,335	10,862	55	238,252
Sales of goods	26,222	-	26,222	684	-	26,906
Fintech services	-	58,947	58,947	-	-	58,947
Other services	1,464	464	1,928	6,150	-	8,078
External Customers	255,021	59,411	314,432	17,696	55	332,183
Intersegment	6,499	2,588	9,087	43,908	(52,995)	-
Total revenue	261,520	61,999	323,519	61,604	(52,940)	332,183
OIBDA	111,490	9,808	121,298	22,274	(19,047)	124,525
Depreciation and amortization						(53,596)
Operating profit						70,929

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The division of the Group's revenue according to the time of recognition is presented below:

	Six months ended June 30,	
	2025	2024
Revenue recognized over time	334,550	287,772
Revenue recognized at a point in time	36,356	44,411
Total revenue	370,906	332,183
<i>including:</i>		
Interest revenue calculated using the effective interest method	62,898	42,181

The consolidated operating profit is reconciled to the consolidated profit before tax on the face of the interim condensed consolidated statements of profit or loss.

5. DISCONTINUED OPERATIONS

MTS Armenia – In December, 2023, the Group entered into a sale agreement to dispose of MTS Armenia CJSC ("MTS Armenia"), which carried out the Group's operations in Armenia and constituted "Armenia" operating segment within the group of segments aggregated in the "Other" category (Note 4), for cash consideration in amount of USD 209.1 million (RUB 18,393 million). The disposal was completed in January 2024. The results of MTS Armenia's operations were reported as discontinued operations in the accompanying interim condensed consolidated statement of profit or loss for the six months ended June 30, 2024.

The results of the discontinued operations were included in the profit from discontinued operations in the interim condensed consolidated statements of profit or loss as follows:

	Six months ended June 30,	
	2025	2024
Revenue	-	984
Expenses	-	(301)
Profit before tax	-	683
Tax expense	-	(59)
Profit for the period	-	624
Gain on disposal	-	19,074
Consideration revaluation	-	(28)
Net income attributable to discontinued operations	-	19,670

Cash flows from discontinued operations are presented as follows:

	Six months ended June 30,	
	2025	2024
Net cash provided by operating activities	-	115
Net cash provided by investing activities	-	16,400
Net cash provided by financing activities	-	62

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6. SHORT-TERM INVESTMENTS

The Group's short-term investments comprised the following:

	Category	June 30, 2025	December 31, 2024
Investments in securities	At FVTPL	27,202	48,502
Other financial assets	At FVTPL	2,903	6,974
Digital financial assets	At amortized cost	36,794	25,613
Loans and other receivables	At amortized cost	59,003	3,828
Investments in securities	At amortized cost	82,660	772
Deposits	At amortized cost	113	58
Short-term investments, gross		208,675	85,747
Allowance for ECL		(1,232)	-
Total short-term investments		207,443	85,747

In April, 2025 the Group purchased OFZ from a related party in amount of RUB 156,000 million. As of June 30, 2025 assets are reported in "Short-term investments" and "Other investments" in the interim condensed consolidated statement of financial position in amount RUB 74,577 million and RUB 86,148 million respectively. These debt securities are considered as measured at amortized cost. The effective interest rate on the portfolio is 22% and the repayment period is from 2026 to 2039. As of June 30, 2025 the debt on purchase of securities portfolio is included in "Bank deposits and liabilities" in amount of RUB 70,020 million in the interim condensed consolidated financial statement of financial position. This debt are accounted for at amortised cost using the effective interest rate method determined on the date of debt recognition and and have to be repaid according to the agreed schedule by December 1, 2025. In accordance with the terms of the agreement, the securities are pledged until the debt to the seller is fully repaid. During the pledged period the assets cannot be sold or repledged.

7. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in associates and joint ventures are accounted for using the equity method, with exception of associates held by the Group's venture capital subsidiary. The Group elected to measure venture investments in associates at fair value through profit or loss in accordance with IFRS 9:

	Country of operations	Operating activity	June 30, 2025	December 31, 2024
Telecommunication operator	Belarus	Telecom- munications	6,530	7,557
Closed-end mutual fund	Russia	Asset management	3,730	3,638
Satellite TV company	Russia	Satellite communications	1,303	1,132
Classifieds company	Russia	Classifieds	672	671
Other unquoted companies	Russia and other		343	1,241
Total investments in associates and joint ventures accounted for using the equity method			12,578	14,239
Other unquoted companies accounted for at fair value through profit or loss	Russia		627	627
Total investments in associates and joint ventures			13,205	14,866

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8. OTHER INVESTMENTS

The Group's other investments comprised the following:

	Category	June 30, 2025	December 31, 2024
Investments in securities	FVTPL	19,440	45,017
Loans and unquoted notes	At amortized cost	7,006	5,261
Investments in securities (Note 6)	At amortized cost	97,556	-
Other investments, gross		124,002	50,278
Allowance for ECL		(1,526)	(1,857)
Total other investments		122,476	48,421

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Six months ended June 30,	
	2025	2024
Property, plant and equipment		
Additions	26,600	30,007
Disposals (net book value)	(892)	(1,749)
Other intangible assets		
Additions	33,872	36,907
Disposals (net book value)	(130)	(894)

Additions mostly consist of equipment and software for the network maintenance and development of ecosystem products and services and include assets acquired as a result of business combinations (Note 3).

10. BORROWINGS

The Group's borrowings comprised the following:

	June 30, 2025	December 31, 2024
Notes	266,575	221,257
Bank and other loans	441,365	450,522
Total borrowings	707,940	671,779
Less: current portion	(308,408)	(401,775)
Total borrowings, non-current	399,532	270,004

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Notes – The reconciliation between opening and closing balances of the Group's Notes for the six months ended June 30, 2025 is presented below:

	<u>Currency</u>	<u>Interest rate (as of June 30, 2025)</u>	<u>Carrying amount</u>
Balance at December 31, 2024			221,257
<i>New Notes</i>			
MTS PJSC Notes due 2026	RUB	18.75%	20,000
MTS PJSC Notes due 2028	RUB	21.25%	20,000
MTS PJSC Notes due 2028	RUB	21.75%	19,990
MTS PJSC Notes due 2030	RUB	18.00%	15,000
MTS PJSC Notes due 2030	RUB	19.00%	15,000
MTS PJSC Notes due 2030	RUB	19.25%	12,587
<i>Repayments</i>			(55,020)
<i>Currency exchange gain</i>			(2,463)
<i>Other movements</i>			224
Balance at June 30, 2025			266,575
Less: current portion			(114,977)
Total notes, non-current			151,598

Bank and other loans – The reconciliation between opening and closing balance of the Group's loans from banks and financial institutions for the six months ended June 30, 2025 is presented below:

	<u>Carrying amount</u>
Balance at December 31, 2024	450,522
<i>New loans</i>	196,719
<i>Repayments</i>	(196,727)
<i>Currency exchange gain</i>	(9,647)
<i>Other movements</i>	498
Balance at June 30, 2025	441,365
Less: current portion	(193,431)
Total bank and other loans, non-current	247,934

Compliance with covenants – Bank loans and notes of the Group are subject to certain covenants limiting the Group's ability to create liens on properties, dispose assets, including cellular licenses in core Russian regions, issue guarantees and grant loans to the third parties, delay payments for the borrowings, merge or consolidate MTS PJSC with a third party or be a subject to significant unsatisfied judgments. The Group is required to comply with certain financial ratios.

If the Group fails to meet these covenants, after certain notice and cure periods, the debtholders are entitled to demand accelerated principal repayment.

The Group was in compliance with all existing notes and bank loans covenants as of June 30, 2025.

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Available credit facilities – As of June 30, 2025, the Group's total available unused credit facilities amounted to RUB 259,370 million and related to the following credit lines:

Currency	Maturity	Interest rate	Available till	Available amount
RUB	2025	CBR key rate + %	August 2025	100,000
RUB	2032	CBR key rate + %	February 2032	60,000
RUB	2027	To be agreed	December 2027	40,000
USD	2028	LIBOR + 1.75%	March 2026	23,541
RUB	2031	CBR key rate + %	February 2031	16,500
RUB	2025	To be agreed	August 2025	6,500
RUB	2025	To be agreed	November 2025	5,500
RUB	2027	To be agreed	November 2027	5,000
RUB	2025	CBR key rate	July 2025	1,551
RUB	2025	CBR key rate	December 2025	749
RUB	2027	CBR key rate	October 2027	19
RUB	2025	2/3 CBR key rate	December 2025	10
Total				259,370

11. FINANCE INCOME AND COSTS

Finance income and costs for the six months ended June 30, 2025 and 2024 comprised the following:

	June 30, 2025	June 30, 2024
Interest expense:		
– Loans and notes	67,413	35,419
– Lease obligations	7,515	6,691
– Increase of asset retirement obligations	250	132
Total interest expense	75,178	42,242
Other finance costs	1,408	1,797
Total finance costs	76,586	44,039
Less: amounts capitalized on qualifying assets	(2,488)	(983)
Debt modification/derecognition and other loss	65	265
Finance costs	74,163	43,321
Finance income on loans and receivables:		
– Interest income on bank deposits	365	858
– Interest income on loans and digital assets	4,492	1,259
– Other finance income	969	202
Finance income	5,826	2,319
Net finance costs	68,337	41,002

The annual weighted average capitalization rates of 19.2% and 12.4% were used to determine the amount of capitalized interest for the six months ended June 30, 2025 and 2024, respectively.

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12. RIGHTS-OF-USE ASSETS AND LEASE OBLIGATIONS

The following table presents a summary of net book value of rights-of-use assets:

Lease of:	June 30, 2025	December 31, 2024
Sites for network and base station equipment	64,885	70,159
Land and buildings	26,318	28,717
Office equipment, vehicles and other	191	156
Rights-of-use assets, net	91,394	99,032

Depreciation of the rights-of-use assets for the six months ended June 30, 2025 and 2024 included in depreciation and amortization expense in the accompanying interim condensed consolidated statements of profit or loss was as follows:

Lease of:	Six months ended June 30, 2025	2024
Sites for network and base station equipment	(6,221)	(6,273)
Land and buildings	(3,991)	(3,855)
Office equipment, vehicles and other	(39)	(39)
Depreciation charge, total	(10,251)	(10,167)

Additions to the assets leased during the six months ended June 30, 2025 and 2024 amounted to RUB 4,186 million and RUB 2,741 million, respectively.

The following table presents future lease payments under lease arrangements together with the present value of the net lease payments as of June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Lease payments, including:		
Current portion (less than 1 year)	34,530	33,269
Between 1 to 5 years	79,203	87,331
Over 5 years	72,084	72,012
Total lease payments	185,817	192,612
Less amount representing interest	(73,282)	(65,413)
Present value of net lease payments	112,535	127,199
Less current portion of lease obligations	(21,388)	(21,407)
Non-current portion of lease obligations	91,147	105,792

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are represented by cash and cash equivalents, trade and other receivables and payables, investments (mainly deposits with original maturity of more than three months, originated loans other than bank loans to customers as well as debt securities), derivative instruments, notes, bank loans and put options to purchase non-controlling interests.

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Financial instruments at fair value

The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities;
- Level 3 – No observable pricing inputs in the market.

As of June 30, 2025 and December 31, 2024 the Group's financial assets and liabilities are classified with three-tier hierarchy of fair value as follows:

	<u>Level of inputs</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>
FINANCIAL ASSETS			
Other investments		19,440	43,210
Investments in securities	Level 2	18,205	38,664
Investments in securities	Level 3	1,235	4,546
Short-term investments		30,105	55,476
Investments in securities	Level 1	15,892	30,345
Investments in securities	Level 2	11,119	18,157
Other financial assets	Level 3	3,094	6,974
Other financial assets		104,620	80,900
Investments in securities	Level 1	92,562	76,066
Investments in securities	Level 2	10,949	3,727
Derivative instruments	Level 2	365	255
Contingent consideration	Level 3	744	852
Total financial assets		154,165	179,586
	<u>Level of inputs</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>
FINANCIAL LIABILITIES			
Other financial liabilities		7,831	10,119
Investments in securities	Level 2	3,985	3,877
Derivative instruments	Level 2	76	729
Call and put options	Level 3	3,570	5,065
Contingent consideration	Level 3	200	448
Total financial liabilities		7,831	10,119

Other financial assets include investments in debt securities, purchased by MTS Bank, accounted for using the fair value model with the result of the revaluation accounted in other comprehensive income.

The income from the fair value revaluation, included in the interim condensed consolidated statement of profit or loss for the six months ended June 30, 2025 and 2024, amounted to RUB 4,285 million and RUB 3,684 million, respectively.

The Group holds investments into listed equity shares and notes recognized within Short term investments and Other investments lines of the statement of financial position. As of June 30, 2025 and December 31, 2024 the value of equity shares and notes was determined using its published price quotation in active market. Thus the fair value of these assets was categorised as Level 1 of the fair value hierarchy at June 30, 2025 and December 31, 2024 respectively.

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The Group invested in equity shares and notes of companies, which fair value was categorised as Level 2 resulted from the fact that these shares and notes were acquired on over-the-counter market. The value as at June 30, 2025 and December 31, 2024 was derived from active market prices with discount related to low liquidity level inherent to over-the-counter market.

Securities held by MTS Bank, accounted for at fair value, in amount of RUB 4,985 million and RUB 210 million were transferred in the hierarchy level from Level 1 to Level 2 during the six months ended June 30, 2025 and June 30, 2024 respectively.

The fair value measurement of the Group's Level 3 assets and liabilities is based on the construction of business models using forecasts and assumptions based on the Group's internal estimates.

The liability under call and put option agreement for non-controlling interests in subsidiaries is measured at fair value using a discounted cash flow technique.

Other Level 3 assets and liabilities measured at fair value are individually insignificant.

Financial instruments at amortised cost

The carrying value of the Group's financial instruments accounted for at amortized cost approximates their fair value due to their short-term nature and market interest rates, except for bank deposits and loans to customers and some other financial assets, borrowings of the Group, gross of debt issuance cost, as disclosed in the table below:

		June 30, 2025		December 31, 2024	
	Level of inputs	Fair value	Carrying value	Fair value	Carrying value
FINANCIAL ASSETS					
Securities measured at amortized cost	Level 3	186,858	180,189	430	445
Bank deposits and loans to customers	Level 3	346,829	367,421	353,177	380,563
Total financial assets		533,687	547,610	353,607	381,008
FINANCIAL LIABILITIES					
Borrowings					
Notes	Level 1	(216,980)	(221,129)	(171,648)	(183,060)
Notes	Level 2	(8,326)	(8,326)	(10,789)	(10,789)
Unquoted notes	Level 2	(35,533)	(37,120)	(23,853)	(27,408)
Bank and other loans (Note 10)	Level 3	(521,765)	(521,165)	(450,338)	(450,522)
Total borrowings		(782,604)	(787,740)	(656,628)	(671,779)

14. BANK FINANCIAL ASSETS AND LIABILITIES

The Group's main approaches to valuation of the level of expected credit losses on bank loans conform with the approaches described in consolidated financial statements for the year ended December 31, 2024.

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Bank deposits and loans to customers

The table below represents the structure and amounts of current and non-current bank deposits and loans to customers as of June 30, 2025 and December 31, 2024.

	June 30, 2025	December 31, 2024
Loans to customers	415,606	426,712
Due from financial institutions	5,592	2,662
Allowance for expected credit losses (ECL)	(53,776)	(48,811)
Total bank deposits and loans to customers, net	367,422	380,563
Less: current portion	(145,175)	(162,335)
Bank deposits and loans to customers, non-current	222,247	218,228

The structure and amounts of bank deposits and loans to customers as of June 30, 2025 and December 31, 2024 are presented in the table below:

	June 30, 2025	December 31, 2024
Loans to legal entities		
Corporate borrowers	48,097	43,848
Small businesses and medium-sized enterprises	2,128	2,097
Total loans to legal entities	50,225	45,945
Loans to individuals		
Consumer loans	235,108	251,375
Credit cards	103,715	101,249
Mortgage loans	26,558	28,143
Total loans to individuals	365,381	380,767
Due from financial institutions		
Obligatory reserves with the CBR	1,733	1,573
Guarantee deposits with financial institutions	3,859	1,089
Total due from financial institutions	5,592	2,662
Total due from financial institutions and customers	421,198	429,374
Less: allowance for expected credit losses	(53,776)	(48,811)
Total due from financial institutions and customers, net	367,422	380,563

Movements in the allowance for expected credit losses attributable to bank deposits and loans to customers for the six months ended June 30, 2025 are presented in the table below:

	Loans to customers	Due from banks	Total
Balance as at December 31, 2024	48,811	-	48,811
Provision charge	12,920	-	12,920
Recovery of previously written-off assets	382	-	382
Bad debt written-off	(6,834)	-	(6,834)
Sale of loans	(1,503)	-	(1,503)
Balance as at June 30, 2025	53,776	-	53,776

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Movements in the allowance for expected credit losses attributable to bank deposits and loans to customers for the six months ended June 30, 2024 are presented in the table below:

	Loans to customers	Due from banks	Total
Balance as at December 31, 2023	41,583	41	41,624
Provision charge	15,366	-	15,366
Recovery of previously written-off assets	581	-	581
Bad debt written-off	(6,996)	-	(6,996)
Sale of loans	(2,103)	-	(2,103)
Other movements	-	(41)	(41)
Balance as at June 30, 2024	48,431	-	48,431

Bank deposits and liabilities

The table below represents the structure and amounts of current and non-current bank deposits and liabilities as of June 30, 2025 and December 31, 2024:

	June 30, 2025	December 31, 2024
Customer accounts	443,508	353,176
Due to banks and other financial institutions	78,935	98,040
Debt securities issued	24,995	16,297
Derivative financial instruments	4	125
Other financial liabilities	72,091	3,869
Total bank deposits and liabilities	619,533	471,507
Less: current portion	(604,064)	(460,067)
Total bank deposits and liabilities, non-current	15,469	11,440

The structure and amounts of customer accounts as of June 30, 2025 and December 31, 2024 are presented below:

	June 30, 2025	December 31, 2024
Legal entities		
- Term deposits	135,433	110,433
- Current/settlement accounts	17,642	16,865
Individuals		
- Term deposits	232,444	182,209
- Current/settlement accounts	57,989	43,669
Total customer accounts	443,508	353,176

The structure and amounts of due to banks and other financial institutions as of June 30, 2025 and December 31, 2024 are presented below:

	June 30, 2025	December 31, 2024
Loans under repurchase agreements	41,355	61,304
Loans and term deposits from banks and other financial institutions	31,723	32,168
Correspondent accounts of other banks	5,857	4,568
Total due to banks and other financial institutions	78,935	98,040

As of June 30, 2025 loans under repurchase agreements were secured by securities measured at amortized cost with the value of RUB 14,853 million (RUB 0 million as of December 31, 2024), securities measured at fair value through other comprehensive income with the value of RUB 3,136 million (RUB 28,674 million as of December 31, 2024) and securities received through loans under reverse repurchase agreements with the value of RUB 25,000 million as of June 30, 2025 (RUB 36,032 million as of December 31, 2024).

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15. INCOME TAX

Significant components of income tax expense for the six months ended June 30, 2025 and 2024 were as follows:

	Six months ended June 30,	
	2025	2024
Current income tax charge	14,626	7,331
Adjustments recognised for current tax of prior periods	(233)	235
Total current income tax	14,393	7,566
Deferred tax	(13,017)	(457)
Income tax expense on continuing operations	1,376	7,109

On July 12, 2024, Federal Law No. 176-FZ entered into force, amending the Tax Code of the Russian Federation and providing for an increase in the income tax rate from 20% to 25% and the income tax rate of IT companies to 5% from January 1, 2025. The Russian statutory income tax rate reconciled to the Group's effective income tax rate for the six months ended June 30, 2025 and 2024 was as follows:

	Six months ended June 30,	
	2025	2024
Statutory income tax rate for the period	25.0%	20.0%
Adjustments:		
Different tax rate of subsidiaries	(25.2)	(0.1)
Expenses not deductible for tax purposes	(1.0)	1.7
Settlements with tax authorities on prior period	(2.3)	1.1
Withholding tax on distributed and undistributed profits	(0.1)	(0.1)
Changes in recognized deferred tax assets	16.2	(2.1)
Other	0.7	(0.2)
Effective income tax rate	13.3%	20.3%

16. SHAREHOLDERS' EQUITY

Common stock (ordinary shares)

The Group had 1,998,381,575 authorized ordinary shares with par value RUB 0.1 as of June 30, 2025 and December 31, 2024. Preferred shares have not been issued.

Shares of common stock repurchased by the Group are recorded at cost as treasury stock and reduce the shareholders' equity in the Group's interim consolidated financial statements.

Dividends

The Group may take decisions on the dividend payout based not only on annual results but also on interim results for three, six or nine months of the fiscal year. Annual and interim dividend payments must be recommended by the Board of Directors and approved by the shareholders of the Group.

The recommended amount of dividend payments shall be determined by the Board of Directors based on the financial results of the Company's activities, at that, the Company will seek to declare and pay in 2025 and 2026 dividends of at least 35 (thirty-five) rubles per year per one ordinary share of the Company with the expected regularity of dividend payment – once a year. Based on the recommendation of the Board of Directors, the regularity of dividend payment during the calendar year may be changed.

In accordance with Russian laws, earnings available for dividends are limited to profits determined under Russian statutory accounting regulations, denominated in Russian Rubles, after certain deductions.

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The following table summarizes the Group's declared cash dividends for the six months ended June 30, 2025 and 2024:

	Six months ended June 30,	
	2025	2024
Dividends declared (including dividends on treasury shares of RUB 4,158 million and RUB 6,313 million respectively)	68,590	68,590
Dividends, RUB per share	35.00	35.00

As of June 30, 2025 and December 31, 2024, dividends payable were RUB 83,074 million and RUB 38,790 million, respectively, and were included in the trade and other payables within the interim condensed consolidated statement of financial position.

Dividends payable as of December 31, 2024 mainly represents the amounts due to ADS holders in respect to dividends declared for 2021, 2022 and 2023 financial years and not distributed because of the restrictions imposed by Federal Law #114-FZ "Amendments to Federal Law of "Joint stock companies" and other individual legal acts of Russian Federation dated April 16, 2022.

On June 22, 2025 a legally established 3-year period during which the dividends declared for 2021 financial year can be claimed expired. According to p.9 article 43 of Federal Law of "Joint stock companies" the liability of the Group to pay dividends in question terminates with the expiration of statute of limitation period. Therefore, the amount of RUB 14,996 million of unclaimed dividends for 2021 were added back to the Group retained earnings as of June 30, 2025.

As of June 30, 2025, the Group had a negative balance of equity attributable to owners of the Company, which mainly reflects share repurchases completed by the Group over the 2016-2021 period as well as increased dividend payouts. The Group's management does not consider this issue as creating any significant risk to neither the Group's continued operations nor its ability to pay future dividends. The Group is not subject to any requirements of the regulatory bodies or creditors which set that the Group comply with minimum requirements to the balance of the equity in the interim condensed consolidated financial statements.

17. RELATED PARTIES

The related parties of the Group are Public Joint Stock Company "Joint Stock Financial Corporation Sistema" (Sistema), Subsidiaries and associates of Sistema, associates companies of the Group, Key management personnel of the Group and its parent company and other parties that the Group considers related in accordance with IAS 24.

Terms and conditions of transactions with related parties – According to the terms of the agreements outstanding balances of accounts payable and accounts receivable, as a rule, are unsecured. The exception is accounts receivable in amount of RUB 1,313 million as of December 31, 2024 from the Development company, which were secured by buildings pledged as collateral. There have been no guarantees provided or received for any related party receivables or payables as of June 30, 2025 and December 31, 2024. As of June 30, 2025 and December 31, 2024, the Group had no significant provisions recorded relating to the receivables owed by related parties.

Under the terms of existing agreements the Group has neither the intent nor the ability to offset the outstanding accounts payable and accounts receivable with related parties.

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Amounts in millions of Russian Rubles unless otherwise stated)

Balances of related parties' transactions were as follows:

	June 30, 2025	December 31, 2024
ASSETS FROM RELATED PARTIES		
NON-CURRENT ASSETS:		
Advances for property, plant and equipment		
Sistema's subsidiaries	900	420
The Group's associates	12	546
Advances for intangible assets		
The Group's associates	-	13
Right-of-use assets, net book value		
Sistema's subsidiaries	3,630	4,466
Other related parties	66	87
Right-of-use assets, accumulated depreciation		
Sistema's subsidiaries	(2,359)	(2,252)
Other related parties	(45)	(52)
Other investments		
Sistema's subsidiaries	5,318	2,978
The Group's associates	3,160	375
Accounts receivable, related parties		
Sistema's subsidiaries	792	1,099
Bank deposits and loans to customers		
Sistema's subsidiaries	6,154	3,364
Sistema's associates	1	207
Other assets		
Sistema's subsidiaries	40	39
Total non-current assets	17,669	11,290
CURRENT ASSETS:		
Accounts receivable, related parties		
Sistema's subsidiaries	3,541	3,255
The Group's associates	822	437
Other related parties	386	237
Bank deposits and loans to customers		
Sistema's subsidiaries	8,801	5,173
Key management personnel of the Group, its parent and shareholders	-	73
Sistema's associates	3,308	5,105
Short-term investments		
Sistema's subsidiaries	31,186	3,856
Sistema	38,216	27,591
The Group's associates	45	417
Other financial assets		
Sistema	1,130	1,042
Sistema's subsidiaries	323	106
Other assets		
Sistema's subsidiaries	890	947
Other related parties	8	114
Total current assets	88,656	48,353
TOTAL ASSETS FROM RELATED PARTIES	106,325	59,643

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Amounts in millions of Russian Rubles unless otherwise stated)

	June 30, 2025	December 31, 2024
LIABILITIES TO RELATED PARTIES		
NON-CURRENT LIABILITIES:		
Borrowings		
The Group's associates	56	-
Lease obligations		
Sistema's subsidiaries	1,637	1,973
Other related parties	21	26
Other financial liabilities		
The Group's associates	7	-
Total non-current liabilities	1,721	1,999
CURRENT LIABILITIES:		
Accounts payable, related parties		
Sistema's subsidiaries	1,858	438
The Group's associates	172	244
Sistema's associates	66	68
Borrowings		
The Group's associates	5,275	5,391
Lease obligations		
Sistema's subsidiaries	574	563
Other related parties	8	19
Bank deposits and liabilities		
Key management personnel of the Group, its parent and shareholders	50,999	50,394
Sistema's subsidiaries	13,217	8,984
Sistema's associates (Note 6)	71,061	5,593
Sistema	78	344
Other related parties	1,742	877
Total current liabilities	145,050	72,915
TOTAL LIABILITIES TO RELATED PARTIES	146,771	74,914

In 2025 the Group acquired a securities portfolio in the amount RUB 156,000 million from the Sistema's associate company (Note 6).

Operating transactions – During the six months ended June 30, 2025 and 2024 the Group received revenue from the following services to related parties – electricity supply, Internet and video/image transmission services, integration services, roaming, interconnect and other telecommunication services, banking services.

At the same time, the Group incurred security expenses, roaming and interconnect expenses, interest expenses on funds raised on banking services, rent expenses, dismantling equipment and transfer of line-cable structures expenses. In addition the Group included income from scrap metal sales and other operations in other operating income in the accompanying interim condensed consolidated statements of profit or loss for the six months ended June 30, 2025 and 2024.

	Six months ended June 30,	
	2025	2024
Revenue		
Sistema's subsidiaries	5,809	3,054
Sistema's associates	1,093	2,960
Other related parties	352	525
Total Revenue	7,254	6,539
Cost of services		
Key management personnel of the Group and Sistema	3,947	2,045
Sistema's subsidiaries	3,983	825
Sistema's associates	2,502	408
Other related parties	547	555
Selling, general and administrative expenses		
Key management personnel of the Group and Sistema	1,407	2,970
Other related parties	511	629

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Amounts in millions of Russian Rubles unless otherwise stated)

	Six months ended June 30,	
	2025	2024
Other operating income/(expense)		
Sistema's subsidiaries	(102)	219
Other related parties	(3)	(32)
Operating loss	(5,538)	(706)
Finance income/(expense)		
Sistema	3,515	-
Sistema's subsidiaries	9	381
Other related parties	(434)	(66)
Other non-operating income/(expense)		
Sistema	85	(60)
Sistema's subsidiaries	(332)	-
Other related parties	(384)	-
Loss before tax	(3,079)	(451)

During the six months ended June 30, 2025 and 2024, the Group acquired property, plant and equipment, intangible assets and other goods from related parties in the amounts of:

	Six months ended June 30,	
	2025	2024
Sistema's subsidiaries	1,819	1,090
Sistema's associates	1	77
Group's associates	559	6
Total purchases of property, plant and equipment, intangible assets and other good, related parties	2,379	1,173

As of June 30, 2025 and December 31, 2024, the Group had Contingent liabilities on loans and undrawn credit lines from the related parties in the amount of:

	June 30, 2025	December 31, 2024
Sistema's subsidiaries	610	600
Total contingent liabilities on loans and undrawn credit lines	610	600

As of June 30, 2025 and December 31, 2024, the Group provided bank Guarantees to the related parties in the amount of:

	June 30, 2025	December 31, 2024
Sistema's subsidiaries	2,266	2,669
Sistema's associates	632	1,070
Total guarantees and similar commitments	2,898	3,739

Lease payments

During the six months ended June 30, 2025 and 2024, the Group made lease payments to the related parties in the amount of RUB 391 million and RUB 337 million, respectively.

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Amounts in millions of Russian Rubles unless otherwise stated)

Remuneration of key management personnel

Key management personnel of the Group are members of the Board of Directors and Management Board. During the six months ended June 30, 2025 and 2024 key management personnel total remuneration amounted to RUB 817 million and RUB 1,370 million, respectively, including social contributions of RUB 72 million and RUB 346 million, respectively. These amounts comprised of RUB 571 million and RUB 600 million in base salaries and RUB 246 million and RUB 770 million in bonuses paid pursuant to a bonus plan, respectively (including social contributions).

The management and directors are also entitled to cash-settled and equity-settled share-based payments. Related compensation accrued during the six months ended June 30, 2025 and 2024 amounted to RUB 590 million and RUB 1,600 million, respectively, including social contributions of RUB 90 million and RUB 300 million, respectively.

Capital commitments

As of June 30, 2025 and December 31, 2024, the Group had entered into purchase agreements with the related parties in amount of approximately RUB 7,365 million and 6,155 million, respectively, to acquire property, plant and equipment, intangible assets and costs related thereto.

18. COMMITMENTS AND CONTINGENCIES

Capital commitments – As of June 30, 2025 and December 31, 2024, the Group had entered into purchase agreements of approximately RUB 29,457 and RUB 39,784 million to acquire property, plant and equipment, intangible assets and costs related thereto.

Taxation – Management believes that it has adequately provided for tax liabilities in the accompanying interim condensed consolidated financial statements. However, the risk remains that the relevant tax authorities could take different positions with regard to interpretive issues and the effect could be significant.

The Group estimates the following contingent liabilities in respect to additional tax settlements:

	June 30, 2025	December 31, 2024
Contingent liabilities for additional taxes other than income tax	1,622	1,303
Contingent liabilities for additional income taxes	566	547

Licenses – Management believes that as of June 30, 2025 the Group complied with conditions of the licenses used.

Litigation – In the ordinary course of business, the Group is party to various legal, tax and customs proceedings, and subject to claims, some of which relate to developing markets and evolving fiscal and regulatory environments within MTS's markets of operation.

Litigation related to operations in Turkmenistan – In September 2017, the Group's subsidiary in Turkmenistan MTS Turkmenistan or MTS-TM, suspended the provision of telecommunication services to its subscribers, due to the termination by Turkmen state-owned companies and state authorities of line rental, frequency allocation, interconnect, and other agreements necessary to provide telecommunication services. The license for the provision of telecommunication services on the territory of Turkmenistan was valid until July 2018.

In July 2018, the Group filed a Request for Arbitration against the Sovereign State of Turkmenistan with the World Bank's International Center for Settlement of Investments Disputes ("ICSID") in order to protect its legal rights and investments in Turkmenistan. In June 2023 the ICSID ruled against MTS and obliged the Group to compensate for the Sovereign State of Turkmenistan' legal fees and expenses. The Group has appealed ICSID ruling in the Court of Appeal of Stockholm (Svea Court of Appeal), which reject the appeal. The Group considers further legal opportunities for protection of its rights and interests. Management of the Group believes that as of June 30, 2025 it has adequately provided for the related losses.

PJSC MOBILE TELESYSTEMS AND SUBSIDIARIES

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Antimonopoly proceedings – In the ordinary course of business, the Group is subject to various antimonopoly claims and investigations. Management of the Group believes that as of June 30, 2025 it has adequately provided for claims related to antimonopoly proceedings and other claims from Federal Antimonopoly Service of Russia.

Potential adverse effects of economic volatility and sanctions in Russia – In February 2022, following the conflict between Russia and Ukraine, the EU, US, UK and certain other countries have imposed significant sanctions and export controls on Russian and Belarusian persons and entities. These sanctions resulted in reduced access of the Russian businesses to international capital and some export markets, volatility of the Russian ruble, rise of inflation, tightening of technology export controls and other negative economic consequences.

In 2022 the New York Stock Exchange halted trading in the Company's American depositary shares ("ADSs") and those of certain other Russian companies. The Group initiated termination of its depository receipt program, and the New York Stock Exchange delisted MTS' ADSs. The existing ADSs could have been converted into MTS' ordinary shares at the ratio of 1:2. The guaranteed conversion period expired on January 12, 2023.

In 2023 Canada imposed sanctions on MTS PJSC, extending to the subsidiaries controlled by MTS PJSC. The volume of the Group's operations with Canadian entities and individuals is insignificant.

In 2023 the US Office of Foreign Assets Control (OFAC) and the UK Office of Financial Sanctions Implementation (OFSI) designated MTS Bank as a sanctioned person pursuant to applicable sanctions regulations adopted by the US and the UK, respectively. Accordingly, MTS Bank became subject to so-called "blocking" (asset-freeze) sanctions maintained by the US and the UK. At present the impact of the imposed sanctions on MTS Bank on the Group's operations, assets and liabilities is assessed as not significant.

The risk that any Group member, or individuals holding positions within the Group as well as its counterparties, may be affected by future sanctions designations cannot be excluded.

Current and future risks to the Group include, among others, the risk of reduced or blocked access to capital markets and ability to obtain financing on commercially reasonable terms, the risk of restrictions on the import of certain equipment and software, the risk deviations of the conversion rate of Russian ruble against other currencies, and risks related to the higher costs of capital (with the Central Bank of Russia key rate currently equal to 18%).

The Group's management remains focused on ensuring operational continuity and providing uninterrupted connectivity and other services for customers. In making its going concern assessment, management considered principal risks and existing uncertainties, the Group's liquidity position, including the Group's borrowings and available credit facilities, its expectations on compliance with covenants, capital expenditure commitments and other factors.