

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

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

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

The procedure for the conversion of depositary receipts into shares and the allotment of the resulting shares to persons who hold the receipts are as follows:

1. To convert depositary receipts into shares, a holder of receipts will need to already have (or to open) a securities account with a Russian broker or custodian or with a foreign broker or custodian, which has a securities account of a foreign nominee holder with a Russian custodian. This account will be credited with the shares following their conversion from receipts.
2. The holder of the receipts will need to complete a securities transfer order without transfer of ownership (the “NCBO attestation form” or the “form”) and then send the completed form by email to the Depositary bank at jpm.adr.settlements@jpmorgan.com. The relevant form can be found on the website of the Depositary bank at <https://adr.com/drprofile/607409109>. The form should include the following details:
 - in the field “Qty of DRs”, the holder shall indicate the quantity of depositary receipts that shall be converted into shares;
 - in the field “Foreign bank NSDR number”, the holder shall indicate the depositor’s code assigned to the broker or custodian by the National Settlement Depository (the “NSD”);
 - in the field “Broker BIC Code”, the holder shall indicate the BIC code of the broker or custodian (similar to the SWIFT code of the broker or custodian, if it has one);

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

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

3. Once the form has been submitted, the holders of depositary receipts should instruct their broker or custodian to surrender their receipts to the Depositary bank so that the depositary receipts can be converted into ordinary shares.
4. It is also necessary to ensure that the local broker or custodian gives matching instructions to receive ordinary shares into the receiver’s account.
5. The conversion fee is set by the Depositary bank at \$15 per conversion transaction and additional \$0.05 per converted depositary receipt. Please note that the broker, custodian and others involved in the process of converting depositary receipts may incur additional conversion fees.
6. Under the terms of the agreement with the Depositary bank, the conversion of depositary receipts into MTS ordinary shares shall be completed within 6 months after July 12, 2022 (the date fixed for the Programme’s termination by the Depositary Bank), i.e., by January 13, 2023.
7. Under the terms of the Programme, following the expiration of 6 months after July 12, 2022 (the date fixed for the Programme’s termination by the Depositary bank), the Depositary bank will endeavor to sell the shares represented by the depositary receipts that have not been cancelled as a result of the conversion. The resulting funds shall be held for the benefit of the depositary receipt holders (in proportion to the rights of each such holder and without liability to accrue interest). Please note that the current legislation of the Russian Federation contains a restriction on the sale of shares by the Depositary bank. The consequences of missing the 6-month deadline for applying for the conversion of depositary receipts are therefore not entirely clear. Persons intending to convert depositary receipts should independently assess the risks of the expiry of this 6-month period.

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

- a. MTS believes that there is a possibility of interpretation of the Delisting Law, as currently effective, by the law enforcing authorities and securities market participants, including depositories, according to which the right to initiate the conversion of the depositary receipts into shares after July 12, 2022 will only be available to persons registered as owners of receipts as of the close of business on July 12, 2022 (except for cases that may be set forth in applicable laws and regulations.).

Furthermore, MTS believes that there is a possibility of interpretation of the Delisting Law, as currently effective, according to which the holders of depositary receipts will not have the right to vote or receive dividends from July 13, 2022 and until the conversion of the depositary receipts into shares¹. According to such interpretation, after conversion of the depositary receipts into shares, holders of shares thereby received will have the right to claim unpaid dividends within three (3) years from the date of the Company's decision to pay them in the manner prescribed by Federal Law No. 208-FZ "On Joint Stock Companies" of December 26, 1995 and the Company's Articles of Association for the receipt of unclaimed dividends.

MTS is holding consultations in relation to a possibility of obtaining official clarifications that may eliminate the uncertainties in the interpretation of the Delisting Law indicated above.

Before the clarifications are provided or legislation is adopted that eliminates such uncertainties, persons planning to acquire depositary receipts after July 12, 2022 should independently assess the risks and consequences of such acquisition.

- b. When choosing the broker or custodian for the crediting of shares, please note that the Depositary bank may refuse to deliver shares to the local broker's or custodian's securities account due to the current sanctions that are or may be applicable against the local brokers and custodians as well as other laws applicable to the Depositary bank.
- c. EU blocking sanctions were imposed on the NSD on June 3, 2022. As a result, the execution of instructions to convert depositary receipts *held with the NSD* may be restricted by European securities depositories, including Euroclear and Clearstream, as well as other foreign entities. In particular, such restrictions may prevent the conversion of depositary receipts held in accounts with Russian brokers and custodians that directly or indirectly (through other custodians) are nominee holders of receipts held on NSD's account with Euroclear or Clearstream.
- d. The Central Bank of Russia (the "CBR") has instructed Russian custodians to maintain separate accounting for shares of Russian issuers which were received as a result of the conversion of depositary receipts on depositary accounts of their holders and to limit transactions involving such shares. These measures do not apply to cases where the holder acquired depositary receipts before March 1, 2022 or in accordance with a permission granted by the Governmental Commission.
- e. On June 29, 2022 the State Duma of the Russian Federation approved on third reading the Federal law "On Introducing Amendments into Various Legislative Acts of the Russian Federation" (legislative bill No. 116264-8). The Federal law, if approved by the Federation Council and signed by the President, will amend the order of conversion of the depositary receipts. These amendments may, *inter alia*,

¹ Please note that persons entitled to receive annual dividends on MTS' shares for the year 2021 are determined as of July 12, 2022.

enable conversion of depositary receipts into shares by holders who are unable to do so using existing infrastructure.

- f. When depositary receipts belonging to persons who are not residents of the Russian Federation are converted into shares, the resulting shares are to be credited to an S-type depositary account for which restrictions on transactions will be imposed.²
- g. On June 6, 2022, the Office of Foreign Assets Control (“OFAC”) of the United States (“U.S.”) Department of the Treasury published guidance in relation to its Executive Order (“E.O.”) 14066, E.O. 14068, or E.O. 14071 (collectively, “the E.O.s”), which prohibit U.S. persons from purchasing debt or equity securities issued by an entity incorporated in the Russian Federation. The OFAC guidance clarified that the conversion of depositary receipts into underlying local shares of non-sanctioned Russian issuers would not be considered a prohibited “new investment” in the Russian Federation under the E.O.s and is thus considered to be permitted under such E.O.s. Sales of such shares are also not prohibited under the E.O.s.

This document is prepared in a rapidly changing highly volatile regulatory environment and the information in this document is actual as on the July 4, 2022. This document does not constitute individual investment, financial or legal advice. This document is non-exhaustive and for information purposes only. The interpretation and implementation of applicable laws and regulations by relevant authorities, entities or individuals may differ from the interpretation and implementation described in this document and MTS should not be held liable for any consequences resulting from such different approach to interpretation and implementation. Holders of depositary receipts should make independent decisions on how to act in connection with the information in this document and, if necessary, contact and consult with their investment, legal and other advisors. We do not undertake or intend to update this document to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

² Requirements for opening C-type accounts and the underlying regime are determined by Decree No. 95 of the President of the Russian Federation dated March 5, 2022 “On Temporary Order of Obligations to Certain Foreign Creditors” and Decision of the Board of Directors of the CBR dated March 18, 2022 “On Establishing a Regime for C-type Accounts for Settlement and Execution (Transactions) for Performance of Obligations Named in Decree No. 95 of the President of the Russian Federation dated March 5, 2022 “On Temporary Order of Obligations to Certain Foreign Creditors”.