

# MTS REPORTS Q4 & FY2022 RESULTS

## Q4 2022 Consolidated Group Revenue

increased **1.6%** year-over-year to **RUB 144.4 bn.** Consolidated revenue for FY 2022 increased **2.6%** to **RUB 541.7 bn.**

## Q4 2022 Group OIBDA

amounted to **RUB 55.6 bn.** Group Adjusted OIBDA<sup>1</sup> for FY 2022 amounted to **RUB 224.3 bn.**

## Q4 2022 Group Net Profit<sup>2</sup>

amounted to **RUB 5.4 bn.** Group Net Profit for FY 2022 reached **RUB 32.6 bn.**

MOSCOW, March 3, 2023 — 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 fourth-quarter and full-year 2022 financial and operating results.

In Q4 2022, Consolidated Group Revenue increased 1.6% year-over-year to RUB 144.4 bn, driven primarily by the Company’s Telecom, Fintech and Media segments.<sup>3</sup> Group OIBDA in Q4 2022 amounted to RUB 55.6 bn, supported by growth in telecom, fintech and media services. Group Net Profit in Q4 2022 amounted to RUB 5.4 bn.

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

In 2022, we maintained stable operations in a changing environment. In the current situation, our focus is to provide quality services to our customers without interruption and to ensure business continuity.

We bolstered our leading position in B2B telecoms in 2022. We had the largest market share in terms of M2M/IoT connectivity and publicly announced private LTE projects. I would also like to highlight the growth of our AdTech segment and the launch of our Exolve platform, which enables customers to create their own high-performance communication services.

It is also important to stress that we chose the right strategy in developing an ecosystem of digital products based on a robust telecom platform. In 2022, MTS ecosystem revenue increased by 67% and amounted to more than RUB 100 bn. Despite the high degree of external uncertainty, our digital segments—MTS Media, MTS Entertainment and others—continue to grow. We can also note the success of new business streams and products, such as MTS Travel and MTS Stroki.

In February 2023, sanctions were imposed on some of our subsidiaries by a number of foreign governments. We are currently examining the impact of these measures on our business. Company’s management takes the appropriate measures to mitigate the related negative effects.

<sup>1</sup> Adjusted OIBDA for FY 2022 doesn’t include a loss from impairment of non-current assets of RUB 489 m.

<sup>2</sup> Attributable to the owners of the Company.

<sup>3</sup> The financial results for the Media operating segment are presented in the “Other” category in the Group’s consolidated financial statements.

# BUSINESS-LINE HIGHLIGHTS

## TELECOM

- **Russia connectivity services revenue** increased 4.6% year-over-year to RUB 435.6 bn in FY 2022.
- **The number of three-month active mobile subscribers in Russia** remained at 80.0 m as of the end of 2022.
- **Sales of handsets and accessories in Russia** declined 36.7% year-over-year to RUB 43.6 bn in FY 2022.
- **The number of monthly active users of the MyMTS app** rose slightly, to 26.4 m as of the end of 2022.

## MEDIA

- **The number of over-the-top media subscribers** increased 63.4% year-over-year to 6.6 m as of the end of 2022.
- **The total number of pay-TV viewers** (satellite, cable, IPTV, OTT) grew 32.6% year-over-year to 11.1 m as of the end of the reporting period.

## FINTECH

- **Fintech revenue** grew 40.4% year-over-year in FY 2022, reaching RUB 68 bn.
- **The number of Bank clients** increased 19.4% year-over-year to 3.5 m as of the end of 2022.

## ECOSYSTEM

- **The number of ecosystem clients** rose to 13.5 m as of the end of 2022, up 52.7% from the same period the previous year.
- **The average number of products per customer** increased from 1.43 in Q4 2021 to 1.6 in Q4 2022.

# FINANCIAL RESULTS

## Consolidated MTS Group key figures<sup>4</sup> (RUB bn)

	4Q22	4Q21	Change, %
Revenue	144.4	142.1	1.6%
o/w Russia	142.2	140.1	1.5%
OIBDA	55.6	55.4	0.4%
o/w Russia	54.5	54.4	0.3%
Operating profit	27.8	25.7	8.1%
Profit attributable to the owners of the Company	5.4	13.6	-60.1%
Cash CAPEX <sup>5</sup>	36.3	22.8	59.3%
Net debt <sup>6</sup>	383.7	389.5	-1.5%
Net debt / LTM Adjusted OIBDA	1.7	1.7	-
FY 2022 highlights	2022	2021	Change, %
Group Revenue	541.7	527.9	2.6%
Group Adjusted OIBDA <sup>7</sup>	224.3	229.0	-2.0%
Profit attributable to the owners of the Company	32.6	63.5	-48.7%
CAPEX	111.2	111.0	0.2%
Operating cash flow	190.6	142.8	33.4%
Free cash flow excl. Bank & cash proceeds from the sale of VF Ukraine	37.2	53.9	-31.0%

In Q4 2022, **Group Revenue** increased 1.6% to RUB 144.4 bn, driven primarily by growth in income from core connectivity services as well as fintech and media services. At the same time, the decrease in sales of handsets and accessories, due to import restrictions, greatly limited revenue growth while having a minor impact on Group OIBDA.

**Group OIBDA** in Q4 2022 remained flat year-over-year in connection with rising costs for personnel motivation and the recognition of one-off expenses. At the same time, OIBDA was supported by growth in the Telecom, Fintech and Media segments.

**Group Net Profit** in Q4 2022 amounted to RUB 5.4 bn. Compared with the same period a year earlier, downward pressure came from FX differences owing to the weakening of the Russian ruble compared with the end of Q3 2022, higher income tax expense on the back of an increase in deferred tax liability during the quarter, as well as increased financial expenses.

**Group Cash Capital Expenditures** in Q4 and FY 2022 were RUB 36.3 bn and RUB 111.2 bn, respectively, targeting network development and modernization, the development of the digital ecosystem and the fulfillment of regulatory requirements.

As of the end of Q4 2022, MTS's **Net Debt**<sup>6</sup> stood at RUB 383.7 bn, with a net debt weighted average interest rate of 7.4%. The 0.2 p.p. increase from the previous quarter was driven by a decrease in money market rates during Q4. The Group's Net Debt ex-LL to Last-Twelve-Months Adjusted OIBDA ratio decreased from 1.9x in Q3 2022 to 1.7x as of the end of 2022.

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

<sup>5</sup> Net of cash proceeds under sharing agreement.

<sup>6</sup> Excluding lease obligations.

<sup>7</sup> Adjusted OIBDA for FY 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)	4Q22	4Q21	Change, %	2022	2021	Change, %
<b>Revenue</b>	<b>142.2</b>	<b>140.1</b>	<b>1.5%</b>	<b>534.0</b>	<b>521.0</b>	<b>2.5%</b>
<b>B2C</b>	<b>95.9</b>	<b>95.2</b>	<b>0.7%</b>	<b>364.0</b>	<b>358.6</b>	<b>1.5%</b>
Connectivity	69.0	64.9	6.4%	266.0	256.7	3.6%
Sales of handsets	9.3	18.1	-48.4%	35.8	60.4	-40.8%
Bank revenue	16.0	11.6	37.4%	58.2	40.2	44.7%
Other	1.5	0.6	146.0%	4.0	1.3	215.2%
<b>B2B/G</b>	<b>33.0</b>	<b>30.1</b>	<b>9.6%</b>	<b>117.8</b>	<b>104.7</b>	<b>12.5%</b>
Connectivity (excl. bulk SMS)	18.3	17.2	6.2%	68.9	63.9	7.8%
Marketer	7.6	6.4	18.2%	24.8	20.4	21.6%
Sales of handsets	2.3	2.7	-12.3%	7.8	8.4	-7.1%
Bank revenue	2.0	1.9	6.8%	8.2	7.0	16.9%
Cloud & other	2.7	1.9	45.3%	8.1	5.0	61.0%
<b>B2O</b>	<b>19.3</b>	<b>19.8</b>	<b>-2.5%</b>	<b>76.0</b>	<b>75.7</b>	<b>0.4%</b>
Eliminations	-6.0	-5.0	18.8%	-23.6	-17.9	31.8%
<b>OIBDA</b>	<b>54.5</b>	<b>54.4</b>	<b>0.3%</b>	<b>220.3</b>	<b>224.4</b>	<b>-1.8%</b>
margin	38.3%	38.8%	-0,5 p.p	41.2%	43.1%	-1.9 p.p
<b>Net profit</b>	<b>5.6</b>	<b>13.1</b>	<b>-57.6%</b>	<b>32.5</b>	<b>61.0</b>	<b>-46.8%</b>
margin	3.9%	9.4%	-5.5 p.p	6.1%	11.7%	-5.6 p.p
Number of MTS Retail stores <sup>8</sup>	5,395	5,636	-4.3%	n/a	n/a	n/a
Informative: connectivity revenue	114.3	108.3	5.5%	435.6	416.5	4.6%

**Connectivity services revenue** in Russia in Q4 2022 grew 5.5% year-over-year to RUB 114.3 bn, supported by B2C and B2B performance as well as growth in the advertising segment (Marketer). **Income from banking services** continued to grow—primarily as a result of the expansion of the loan portfolio—increasing 33.1% year-over-year in Q4 2022 to RUB 18.0 bn. **In retail**, sales of handsets and accessories dropped 43.7% year-over-year to RUB 11.7 bn in Q4 2022.

<sup>8</sup> Number 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, 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** when including quasi-treasury shares owned by MTS subsidiaries. FY 2021 dividend payments in the amount of RUB 48.2 bn were completed by August 16, 2022. Holders of American Depositary Receipts (ADRs) obtain the right to receive dividends only after converting their depositary receipts into ordinary shares pursuant to the applicable Russian laws, subject to legal and regulatory limitations and restrictions that exist and/or may appear in the future. According to the terms of the Deposit Agreement, the period guaranteed for converting ADRs into ordinary shares ended on January 12, 2023 (inclusive), whereafter, as we understand, the depositary may continue to convert ADRs in ordinary shares and/or sell unconverted ordinary shares to distribute the proceeds of sale among ADRs holders. In January and February 2023, dividends in the amount of RUB 0.36 bn were paid out on ADRs converted after the dividend record date (July 12, 2022).

# OTHER COUNTRY MARKETS

## Armenia

(AMD bn)	4Q22	4Q21	Change, %	2022	2021	Change, %
<b>Revenue</b>	<b>13.3</b>	<b>12.5</b>	<b>6.4%</b>	<b>51.0</b>	<b>49.0</b>	<b>4.1%</b>
<b>OIBDA</b>	<b>6.9</b>	<b>6.2</b>	<b>11.1%</b>	<b>27.5</b>	<b>25.8</b>	<b>6.4%</b>
margin	52.1%	50.0%	2.1 p.p.	53.9%	52.8%	1.1 p.p.
<b>Net profit</b>	<b>1.9</b>	<b>0.6</b>	<b>233.9%</b>	<b>5.6</b>	<b>3.4</b>	<b>66.6%</b>
margin	14.5%	4.6%	9.9 p.p.	11.0%	6.9%	4.1 p.p.

**In Armenia**, revenue in Q4 2022 rose 6.4% year-over-year to AMD 13.3 bn as a result of increased data traffic, a larger number of active subscribers and revenue from bulk SMS. Revenue growth in FY 2022 was driven by higher tourist activity and increased revenue from content services and bulk SMS. In Q4 2022 and FY 2022, Armenia OIBDA amounted to AMD 6.9 bn and AMD 27.5 bn, respectively, due to growth in voice, data and bulk SMS services as well as cost efficiencies compared to the previous year. In Q4 2022, the number of mobile subscribers in Armenia amounted to 2.3 m, on par with the previous quarter.

## Belarus

(BYN m)	4Q22	4Q21	Change, %	2022	2021	Change, %
<b>Revenue</b>	<b>392</b>	<b>368</b>	<b>6.5%</b>	<b>1,449</b>	<b>1,357</b>	<b>6.8%</b>
<b>OIBDA</b>	<b>193</b>	<b>175</b>	<b>10.3%</b>	<b>758</b>	<b>694</b>	<b>9.2%</b>
margin	49.0%	47.4%	1.6 p.p.	52.3%	51.1%	1.2 p.p.
<b>Net profit</b>	<b>99</b>	<b>93</b>	<b>6.5%</b>	<b>384</b>	<b>358</b>	<b>7.3%</b>
margin	25.2%	25.0%	0.2 p.p.	26.5%	26.4%	0.1 p.p.

**In Belarus**, which is not consolidated, revenue in Q4 2022 increased 6.5% year-over-year to BYN 392 m. Revenue grew 6.8% in FY 2022 thanks to higher income from data transfer. OIBDA in Q4 2022 rose 10.3% to BYN 193 m on the back of higher revenues from data transfer and fixed line business as well as an increase in the retail margin. In FY 2022, OIBDA increased 9.2%. 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 continued 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 NYSE staff had commenced 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 guaranteed period for converting MTS’s ADRs into ordinary shares ended on January 12, 2023 (inclusive).

In August, MTS filed an application with J.P. Morgan Bank International to begin the automatic conversion of MTS ADRs into ordinary shares in line with the applicable Russian laws. J.P. Morgan Bank International is the Russian depository for MTS’s ADR Program. During the automatic conversion process, all Russian depositories that accounted for ADRs wrote ADRs off from the holders’ accounts and, instead, credited them with MTS ordinary shares.

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In February 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. Among other matters, these sanctions require US and UK third parties, including banks, to block or freeze assets which MTS Bank holds with such parties or otherwise block the settlement of payments to or from MTS Bank and its counterparties. The full impact and potential implications of the imposed sanctions on MTS Bank on the Group’s operations, assets and liabilities cannot be reliably estimated at this time. Management believes it is taking the appropriate measures to mitigate the related negative effects.

## Debt

In December, MTS issued RUB 15 bn worth of series 001P-23 exchange-traded bonds with a maturity of two years and a coupon rate of 8.40% per annum.

In November, MTS announced a consent solicitation with respect to its Eurobonds maturing in 2023 for consideration and approval of (i) a change in the payment procedure that would grant the right to make direct payments in rubles and (ii) other proposed amendments to the Trust Deed and the terms and conditions governing the Notes.

A meeting by videoconference took place on December 13, 2022. Pursuant to the terms of an extraordinary decision, the Company made the coupon payment on the Notes dated November 30, 2022, in accordance with the amended payment mechanism, within sixty (60) calendar days of November 30, 2022—that is, by January 30, 2023.

## M&A

In October, MTS PJSC and MTS Auto LLC, a 100% subsidiary of MTS, announced 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.

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In October, MTS closed a deal to sell NVision a.s. in the Czech Republic, a plant that specializes in the production and supply of Tier 2 electronic components for the automotive industry as well as microelectronic components.

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In February, 2023, MTS announced the acquisition of a 67% stake in Buzzoola Group, one of the leaders of the AdTech market in Russia and the CIS. The acquisition of Buzzoola will enable MTS to accelerate the development of its AdTech business and increase its share of the advertising market. MTS will also be able to include Buzzoola's advertising exchange (AdEx) and SSP platform, which will complement the Company's proprietary DSP and DMP solutions (developing under the umbrella brand MTS Marketer), in its AdTech business.



## Cloud & IoT

In November, MTS announced the development of a “Smart Click” panic button that uses IoT technologies to communicate with emergency services, medical personnel, and employees of social and commercial facilities. The device instantaneously transmits a signal through an NB-IoT network to any platform, functions wirelessly and does not require specialized installation or maintenance.

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In December, MTS announced the launch of MTS Fog Play, a decentralized gaming platform that enables owners of high-performance PCs to earn money by renting out the processing power of their computers through a cloud service. Users who don't have a gaming device can rent a gaming PC and run CPU-intensive games on a smartphone, tablet, TV console or notebook through the Internet.

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In December, MTS announced the transition of its MTS IoT Hub to in-house software that will completely replace foreign-made solutions used in the development of NB-IoT products. The main purpose of the MTS IoT HUB is to provide internal B2B and B2C products with MTS tools to quickly connect to smart devices, receive telemetric data from the devices, manage the devices and get additional analytics based directly on this data. By moving entirely away from products made by foreign vendors and focusing on in-house developments, MTS is able to guarantee the uninterrupted, high-quality operation of its products with IoT support.

## Private LTE

In December, MTS announced the signing of an agreement for the installation of a dedicated industrial LTE network for Norilsk Nickel MMC. The LTE network will make it possible to optimize the loading of ore and the movement of open-cut transport and equipment, reduce haulage time and downtime at the mine, and also improve industrial safety.

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In January, 2023, MTS deployed Russia's largest dedicated industrial LTE network for New Mining Management Company. The network provides communication and telemetry services to more than 800 people and about 500 units of mining equipment at the same time. The use of LTE mobile communication technology made it possible to expand coverage considerably, improve the quality of voice services, increase the speed of data transmission, ensure the security of communication channels and enable the exchange of multimedia messages.

## Innovation and products

In November, MTS announced its transition to The Platform, an IT platform that unites all end-to-end IT solutions within the MTS ecosystem. The Platform frees up IT specialists from routine tasks—setting up operating systems and databases, monitoring and installation—enabling them to focus on solving business problems. As a result, up to 30% of product teams' resources can be freed up by reducing incidental workload.

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In November, MTS announced the launch of a beta version of its AppBazar app store for Android OS, where Russian and foreign developers can host, promote and monetize their services, and users can download apps, paying for them with cards from Russian banks or a mobile phone account. Developers can use a variety of tools to monetize their apps, including in-app purchases, sales of premium versions, subscriptions and participation in the store's advertising campaigns.

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In January, 2023, MTS announced the launch of the MTS Exolve cloud platform, which is designed for the rapid and flexible creation of communication services. The platform enables users to develop their own applications for communication with customers and supports seamless integration into existing IT systems and effective management of omnichannel 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 Annual Report on Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors”, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the severity and duration of current economic and financial conditions, including the ongoing geopolitical situation relating to Ukraine; the expansion of sanctions and restrictive measures imposed on the Russian Federation and a number of Russian legal and natural person by the United States, European Union, United Kingdom and certain other states, including the sanctions recently imposed on MTS Bank and their potential impact on our operations, assets and liabilities; responsive regulatory, legislative and other measure[s] by Russian authorities as a reaction to foreign sanctions and restrictive measures; volatility in interest and exchange rates (including fluctuations of the value of the Russian ruble against the U.S. dollar and the Euro); commodity and equity prices and the value of financial assets; the impact of decisions by a number of foreign suppliers of goods, works, services and software to suspend or stop providing the supply of goods, works, services and software to Russian legal and natural persons; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; potential fluctuations in quarterly results; our competitive environment; our dependence on new service development and tariff structures; rapid technological and market change; risks associated with telecommunications infrastructure; and governmental regulation of the telecommunications industries; as well as other risks associated with operating in Russia and the CIS volatility of our stock price financial risk management and future growth. In additional, we may face the potential aggravation of existing risk factors or appearance of new risks that may affect our operations and financial results.

## NOTE ON FINANCIAL MEASURES & DEFINITIONS

This press release includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Due to 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 follows<sup>9</sup>:**

Group (RUB bn)	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Operating profit	25.7	26.7	22.3	32.6	27.8
Add: D&A	29.6	29.5	29.2	27.8	27.8
Loss from impairment of non-current assets	-	0.2	0.3	-	-
Adjusted OIBDA	55.4	56.4	51.8	60.5	55.6

Russia (RUB bn)	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Operating profit	25.3	25.7	22.2	32.3	27.3
Add: D&A	29.0	28.9	28.7	27.4	27.3
Loss from impairment of non-current assets	-	0.2	0.3	-	-
Adjusted OIBDA	54.4	54.9	51.2	59.7	54.5

Armenia (RUB m)	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Operating profit	346	528	528	606	575
Add: D&A	594	595	462	470	504
OIBDA	940	1123	990	1076	1080

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

**OIBDA and OIBDA margin can be reconciled to our operating margin as follows<sup>10</sup>:**

Group	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Operating margin	18.11%	20.2%	17.5%	23.7%	19.3%
Add: D&A	20.9%	22.4%	22.9%	20.2%	19.3%
Loss from impairment of non-current assets		0.2%	0.2%		
Adjusted OIBDA margin	39.0%	42.7%	40.6%	43.9%	38.5%

Russia	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Operating margin	18.1%	19.8%	17.6%	23.8%	19.2%
Add: D&A	20.7%	22.3%	22.8%	20.1%	19.2%
Loss from impairment of non-current assets	-	0.2%	0.2%	-	-
Adjusted OIBDA margin	38.8%	42.2%	40.6%	43.9%	38.3%

Armenia	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Operating margin	18.4%	25.4%	28.7%	31.3%	27.6%
Add: D&A	31.6%	28.6%	25.1%	24.3%	24.2%
OIBDA margin	49.9%	54.0%	53.8%	55.7%	51.8%

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

Group (RUB bn)	12m21	3m22	6m22	9m22	12m22
Group free cash flow	27.7	-33.6	-13.6	35.5	63.9
Less: Bank free cash flow	-27.5	-13.6	-8.3	17.8	26.7
Less: Cash proceeds from sale of VF Ukraine	1.3	-	-	-	-
Free cash flow ex-Bank and cash proceeds from sale of VF Ukraine	53.9	-20.0	-5.3	17.7	37.2

<sup>10</sup> Totals may add up differently due to rounding

### *Definitions*

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

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

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

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

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

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

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

# CONSOLIDATED FINANCIAL STATEMENTS

## MOBILE TELESYSTEMS

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

#### FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(AMOUNTS IN MILLIONS OF RUB EXCEPT PER SHARE AMOUNT)

	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021	Three months ended December 31, 2022	Three months ended December 31, 2021
Service revenue	496,669	457,668	132,068	120,775
Sales of goods	45,080	70,253	12,287	21,298
<b>Revenue</b>	<b>541,749</b>	<b>527,921</b>	<b>144,355</b>	<b>142,073</b>
Cost of services	(151,780)	(132,613)	(39,738)	(36,014)
Cost of goods	(41,153)	(67,274)	(11,729)	(19,598)
Selling, general and administrative expenses	(109,401)	(96,035)	(31,398)	(27,509)
Depreciation and amortization	(114,393)	(110,962)	(27,792)	(29,642)
Operating share of the profit of associates and joint ventures	4,596	5,565	1,088	1,276
Impairment of non-current assets	(489)	10	-	-
Other operating expenses	(19,692)	(8,607)	(6,955)	(4,839)
<b>Operating profit</b>	<b>109,437</b>	<b>118,005</b>	<b>27,831</b>	<b>25,747</b>
Other non- operating income / (expenses):				
Finance income	1,774	2,518	738	485
Finance costs	(58,378)	(41,342)	(13,585)	(11,632)
Other non-operating income	(2,832)	(344)	(5,055)	(1,188)
<b>Total other non-operating expenses, net</b>	<b>(59,436)</b>	<b>(39,168)</b>	<b>(17,902)</b>	<b>(12,335)</b>
<b>Profit before tax from continuing operations</b>	<b>50,001</b>	<b>78,837</b>	<b>9,929</b>	<b>13,412</b>
Income tax expense	(13,648)	(15,360)	(4,122)	82
<b>Profit for the period from continuing operations</b>	<b>36,353</b>	<b>63,477</b>	<b>5,807</b>	<b>13,494</b>

<b>Discontinued operation:</b>				
Profit after tax for the period from discontinued operation	(2,918)	792	(115)	256
<b>Profit for the period</b>	<b>33,435</b>	<b>64,269</b>	<b>5,692</b>	<b>13,750</b>
Profit for the period attributable to non-controlling interests	(861)	(796)	(259)	(136)
<b>Profit for the period attributable to owners of the Company</b>	<b>32,574</b>	<b>63,473</b>	<b>5,433</b>	<b>13,614</b>
Other comprehensive (loss) / income Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	1,235	1,197	4,357	368
Net fair value (loss)/income on financial instruments	(134)	-	123	-
Other comprehensive (loss) / income for the period	1,101	1,197	4,480	368
<b>Total comprehensive income for the period</b>	<b>34,536</b>	<b>65,466</b>	<b>10,172</b>	<b>14,118</b>
Less comprehensive income for the period attributable to the noncontrolling interests	(861)	(796)	(259)	(137)
<b>Comprehensive income for the period attributable to owners of the Company</b>	<b>33,675</b>	<b>64,670</b>	<b>9,913</b>	<b>13,981</b>
Weighted average number of common shares outstanding, in thousands - basic	1,679,533	1,693,244	1,684,422	1,670,548
Earnings per share attributable to the Group - basic:				
EPS from continuing operations	21.13	37.02	3.29	8.00
EPS from discontinued operation	(1.74)	0.47	(0.07)	0.15
Total EPS - basic	19.39	37.49	3.22	8.15
Weighted average number of common shares outstanding, in thousands - diluted	1,705,416	1,701,786	1,709,970	1,688,523
Earnings per share attributable to the Group - diluted:				
EPS from continuing operations	20.81	36.83	3.24	7.91
EPS from discontinued operation	(1.71)	0.46	(0.07)	0.15
Total EPS - diluted	19.10	37.29	3.17	8.06



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

	As of December 31, 2022	As of December 31, 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	312,509	311,250
Investment property	4,925	2,498
Right-of-use assets	120,192	132,343
Goodwill	55,694	42,819
Other intangible assets	109,549	100,132
Investments in associates and joint ventures	9,752	8,735
Other investments	7,539	4,591
Deferred tax assets	11,610	11,683
Accounts receivable, related parties	1,767	5,000
Trade accounts receivable	882	1,898
Bank deposits and loans to customers	138,199	118,342
Other financial assets	5,383	7,437
Other assets	4,046	5,790
Total non-current assets	782,047	752,518
<b>CURRENT ASSETS:</b>		
Inventories	14,199	18,981
Trade and other receivables	37,176	37,897
Accounts receivable, related parties	2,643	2,287
Bank deposits and loans to customers	96,135	87,594
Short-term investments	24,422	28,972
Advances paid and prepaid expenses	8,160	3,452
VAT receivable	10,867	11,746
Income tax assets	785	2,021
Assets held for sale	273	549
Cash and cash equivalents	78,292	40,590
Other financial assets	24,015	27,349
Other assets	3,916	1,862
Total current assets	300,883	263,300
<b>TOTAL ASSETS</b>	<b>1,082,930</b>	<b>1,015,818</b>
<b>EQUITY:</b>		
Equity attributable to owners of the Company	-	9,367
Non-controlling interests	-	5,750
Total equity	-	3,617
<b>NON-CURRENT LIABILITIES:</b>		
Borrowings	368,393	350,300
Lease obligations	123,894	135,800
Bank deposits and liabilities	12,397	14,313
Deferred tax liabilities	17,759	17,901
Provisions	7,288	7,288
Contract liabilities	1,124	977
Other financial liabilities	3,464	180
Other liabilities	883	1,035
Total non-current liabilities	535,202	527,794
<b>CURRENT LIABILITIES:</b>		
Trade and other payables	67,166	72,078
Accounts payable, related parties	1,451	4,107
Contract liabilities	26,082	22,621
Borrowings	117,747	111,839
Lease obligations	19,608	18,709
Bank deposits and liabilities	260,744	207,055
Income tax liabilities	3,150	768
Provisions	23,757	17,479
Other financial liabilities	2,985	202
Other liabilities	28,655	18,562
Total current liabilities	551,345	473,420
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,082,930</b>	<b>1,015,818</b>

**MOBILE TELESYSTEMS**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 AND 2021**  
 (AMOUNTS IN MILLIONS OF RUB)

	Twelve months ended December 31 2022	Twelve months ended December 31 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<b>Profit for the year</b>	<b>33,434</b>	<b>64,269</b>
Adjustments for:		
Depreciation and amortization	114,491	111,088
Impairment of non-current assets	489	(10)
Impairment of financial assets	26,359	12,983
Loss/(gain) from sale of Czech/Ukraine operations	1,367	54
Finance income	(1,774)	(2,518)
Finance costs	58,393	41,352
Income tax expense	13,616	15,403
Share of profit of associates and joint ventures	(4,805)	(5,746)
Net foreign exchange loss / (gain) and change in fair value of financial instruments	4,371	186
Inventory obsolescence expense	2,920	1,456
Change in provisions	6,468	3,620
Other non-cash items	(1,405)	(4,360)
Movements in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables and contract assets	(1,528)	(2,608)
Increase in bank deposits and loans to customers	(57,027)	(101,897)
Decrease / (Increase) in inventory	810	(5,206)
Increase in advances paid and prepaid expenses	(4,009)	(2,526)
Decrease / (Increase) in VAT receivable	876	(2,821)
Increase / (Decrease) in trade and other payables, contract liabilities and other current liabilities	7,036	16,544
Increase in bank deposits and liabilities	50,464	53,765
Dividends received	4,614	4,794
Income tax paid	(11,255)	(17,494)
Interest received	1,914	3,150
Interest paid, net of interest capitalized	(55,227)	(40,632)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>190,592</b>	<b>142,846</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of subsidiaries, net of cash acquired	(13,948)	(10,186)
Purchases of property, plant and equipment	(70,624)	(73,081)
Purchases of other intangible assets	(41,957)	(38,602)
Cost to obtain and fulfill contracts, paid	(4,358)	(4,218)

Proceeds from sale of property, plant and equipment and assets held for sale	5,938	5,082
Purchases of short-term and other investments	(2,567)	(13,765)
Proceeds from sale of short-term and other investments	10,602	13,085
Investments in associates and joint ventures	(1,587)	(1,087)
Cash (payments) and proceeds related to swap contracts	(242)	(657)
Proceeds from sale of subsidiaries, net of cash disposed	(149)	3,891
Proceeds from sale/liquidation of associates	-	3,014
Other investing activities	654	92
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(118,238)</b>	<b>(116,432)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of notes	(56,767)	(20,813)
Proceeds from issuance of notes	63,970	4,350
Notes and debt issuance cost paid	(263)	(96)
Lease obligation principal paid	(16,443)	(16,516)
Dividends paid	(40,959)	(61,955)
Acquisition of entities under common control, net of cash acquired	-	(3,474)
Proceeds from loans	80,152	64,311
Repayment of loans	(62,412)	(15,538)
Repurchase of common stock	-	(21,483)
Other financing activities	(1,900)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(34,622)</b>	<b>(71,214)</b>
Effect of exchange rate changes on cash and cash equivalents	(30)	(79)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>37,702</b>	<b>(44,879)</b>
CASH AND CASH EQUIVALENTS, beginning of the year	40,590	85,469
CASH AND CASH EQUIVALENTS, end of the year	78,292	40,590



## Contacts

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