



SISTEMA PJSFC IFRS FINANCIAL RESULTS

4Q AND FY 2020

Sistema's management will host a conference call today at 10:00 am (New York time) / 3:00 pm (London time) / 4:00 pm (CEST) / 5:00 pm (Moscow time) to present and discuss the 4Q and FY 2020 results.

To participate in the conference call, please dial:

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Conference ID: 657738

Link to webcast: <https://mm.closir.com/slides?id=657738>

Or quote the conference call title: "Sistema Fourth Quarter and Full Year 2020 Financial Results".

A replay of the conference call will be available on Sistema's website www.sistema.com for at least seven days after the event.

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Moscow, Russia – 8 April 2021 – Sistema PJSC (“Sistema”, the “Corporation”, or together with its subsidiaries and affiliates, the “Group”) (LSE: SSA, MOEX: AFKS), a Russian publicly traded investment company, today announces its unaudited consolidated financial results in accordance with International Financial Reporting Standards (IFRS) for the fourth quarter of 2020 (4Q 2020) and its audited consolidated financial results in accordance with IFRS for the full year ending 31 December 2020 (FY 2020).

FY 2020 FINANCIAL HIGHLIGHTS

- ✓ **Consolidated revenue¹ grew by 5.7% year-on-year** to RUB 691.6 billion.
- ✓ **Adjusted OIBDA² increased by 5.5% year-on-year** to RUB 236.3 billion.
- ✓ **Adjusted OIBDA margin** remained flat year-on-year at 34.2%.
- ✓ **Adjusted net profit attributable to Sistema** was RUB 16.0 billion.

4Q 2020 FINANCIAL HIGHLIGHTS

- ✓ **Consolidated revenue increased by 6.9% year-on-year** to RUB 193.4 billion.
- ✓ **Adjusted OIBDA** increased by 6.1% year-on-year to RUB 56.2 billion.
- ✓ **Adjusted OIBDA margin** decreased by 0.2 p.p. year-on-year to 29.1%.
- ✓ **Adjusted net profit attributable to Sistema** was RUB 20.9 billion.

KEY GROUP HIGHLIGHTS IN 4Q 2020

- ✓ **IPO of Ozon³.** In November 2020 Ozon held an IPO of American Depositary Shares (ADSs) on the NASDAQ and obtained a listing of its ADSs on Moscow Exchange. Total proceeds to the company, including the greenshoe as well as proceeds from a parallel private placement in which Sistema invested USD 67.5 million, totalled approximately USD 1.25 billion. Following completion of the IPO, fulfilment of the private placement agreement and conversion of convertible loans previously provided to Ozon, Sistema's total stake in Ozon stood at 33.1%⁴.
- ✓ **Debt capital markets programme.** In November 2020 the Corporation completed a secondary placement of series 001P-04 exchange-traded bonds. The Corporation repurchased RUB 4.3 billion of bonds out of a total RUB 6.5 billion in the issue through a tender offer, and subsequently placed all of the repurchased bonds through a secondary placement with an annual coupon rate of 6.35% at 100.15% of the nominal value. Also in November 2020 Sistema placed RUB 5 billion of series 001P-16 bonds with a put option after 2.25 years and a coupon rate of 6.10% per annum, and RUB 14 billion of series 001P-17 bonds with a put option after 4.5 years and a coupon rate of 6.75% per annum.
- ✓ **Extension of Sistema's buyback programme.** In December 2020 Sistema announced an extension of the Corporation's buyback programme to 31 December 2021. Launched on 17 September 2019, the programme provides for the repurchase of up to RUB 3.0 billion worth of the Corporation's ordinary shares by a wholly owned subsidiary of Sistema. The maximum number of Shares to be repurchased under the Programme is capped at 300 million. As of 8 April 2021, 120.6 million shares had been repurchased for a total of RUB 1.6 billion.
- ✓ **MTS stock buyback.** As part of MTS's programme to repurchase up to RUB 15 billion of shares, Sistema's wholly owned subsidiary Sistema Finance S.A. sold 14,534,801 ordinary shares of PJSC MTS for a total consideration of RUB 4.8 billion to LLC Bastion, a wholly owned subsidiary of MTS.

CORPORATE EVENTS AFTER THE END OF THE REPORTING PERIOD

- ✓ **Development of the pharmaceuticals business.** In February 2021 Sistema and its financial partner, VTB Group (“VTB”), contributed their 56.2% stake in OJSC Sintez to the equity of Binnopharm Group LLC. At the same time, Sistema, VTB and a consortium of investors consisting of the Russia-China Investment Fund (a fund established by the Russian Direct Investment Fund and China Investment Corporation) and major Middle East funds contributed an 85.6% stake in JSC Alium to the equity of Binnopharm Group LLC. As a result, the effective stake of Sistema together with VTB in Binnopharm Group is 79%, and the investor consortium holds 15.8%. In March 2021 Group acquired a 32.4% stake in Sintez from JSC National Immunobiological Company, controlled by State Corporation Rostec.

¹ Here and hereinafter results for 4Q 2020 and FY 2020 are presented to reflect the divestiture of AGK Yuzhny. Results of previous periods have been restated to reflect the effect of the divestiture.

² Here and hereinafter please see Appendix A of the financial results press-release for 4Q 2020.

³ Ozon's financial results are not consolidated within Sistema's financial statements. Investments in Ozon are reflected in Sistema's financial reporting using the equity method. The share of Ozon's profit/loss attributable to Sistema is included in Sistema's operating results. Investments are reflected at book value adjusted for attributable share of profit/loss for the period, and are not marked to market.

⁴ Assuming 4,472,969 ordinary shares issuable upon exercise of outstanding vested share-based awards under the employee incentive program of Ozon.

PROGRESS IN ESG

- ✓ **Debut ESG financing.** In November 2020 Sistema secured its first ESG financing from Sberbank. The RUB 10 billion credit line includes an option to tie the interest rate on each loan to sustainability performance (Sustainability Improvement Loan). Under the agreement Sistema committed to adopting its Environmental Policy and integrating responsible investment principles into its investment process. The transaction was the first ESG loan agreement between a Russian borrower and a Russian bank, and sets new standards for responsible investment in Russia.
- ✓ **Integration of ESG principles into portfolio management.** In December 2020 the Board of Directors approved an updated set of investment criteria that integrate ESG factors into the investment process, thus fulfilling one of the KPIs under the Sberbank agreement.
- ✓ **Improved CDP rating.** Sistema and MTS were both ranked among the top seven out of 29 Russian companies that voluntarily disclosed climate data in line with the international CDP (formerly known as Carbon Disclosure Project) reporting system in 2020. As a result, Sistema and MTS improved their positions in the global CDP rating to "B".

Vladimir Chirakhov, President and Chief Executive Officer of Sistema, said:

"In 2020 the Corporation increased revenue by 5.7% and adjusted OIBDA by 5.5%, thanks to contributions from MTS, Segezha Group, Steppe and Medsi. Our key consolidated portfolio companies overcame the challenges resulting from the COVID-19 pandemic, and were able to quickly adjust their business models and adapt their products and services to the new realities, which is reflected in their strong annual financial performance. MTS delivered strong growth due both to revenue growth in the core telecommunications segment as well as strong performance in other segments. Segezha Group achieved record revenue for the year and maintained a high level of profitability. Steppe delivered significant growth across its financial metrics as global grain prices increased and due to higher operational efficiency. Medsi grew revenue and OIBDA even despite the impact of restrictions on patient footfall in the first half of the year.

"2020 was a year of transformation for our business. We completed our exit from Detsky Mir, held a successful IPO of Ozon that crystallised the value of this asset and established a foundation for the further expansion of the business. We also expanded our presence in the pharmaceuticals sector, combining our assets into Binnopharm Group, which is already one of Russia's largest pharma producers and has the potential to become a focus of consolidation in the industry.

"The Corporation continues to seek out new sources of growth, using the significant dividend income received from our portfolio companies as an investment resource. As part of this strategy our joint venture with Sber has acquired a stake in Elektroavod Group, which includes transformer equipment production facilities in Moscow and Ufa, maintenance divisions, research and design institutes, an engineering centre and land plots totalling 19 hectares in the centre of Moscow. Our ambition is to create a leading Russian producer of transformer equipment using the acquired production facilities."

SISTEMA RESULTS REVIEW

(RUB million)	4Q 2020	4Q 2019	Change	FY 2020	FY 2019	Change
Revenue	193,366	180,847	6.9%	691,626	654,303	5.7%
Adj. OIBDA	56,181	52,972	6.1%	236,340	224,016	5.5%
Operating income	22,581	7,476	202.1%	109,404	86,828	26.0%
Net profit attributable to Sistema	17,516	7,682	128.0%	10,216	28,597	(64.3%)
Adj. net profit attributable to Sistema	20,874	26,837	(22.2%)	15,998	53,379	(70.0%)

In 2020 **Sistema's consolidated revenue increased by 5.7% year-on-year to RUB 691.6 billion**, driven by revenue growth at key assets: at MTS thanks to higher mobile services revenue and strong growth in new business segments (Fintech, Media and B2B Digital & Cloud); at Segezha Group as a result of revenue growth due to increased sales volumes of paper packaging and sawn timber as well as higher prices for plywood and sawn timber; at Agroholding Steppe thanks to increased revenue in all key segments; and at Medsi as a result of a higher average cheque as Medsi delivered COVID-19 diagnostics and treatment, as well as expansion of the out-patient network in Moscow and the acquisition of clinics in Izhevsk.

Group Adjusted OIBDA⁵ grew by 5.5% year-on-year to RUB 236.3 billion in 2020 primarily due to increases in adjusted OIBDA at portfolio companies: at MTS following revenue growth, despite a significant decrease in revenues from international roaming and the creation of provisions at MTS and MTS Bank; at Segezha Group following revenue growth and despite higher logistics costs and pressure on prices for most products during the year; at Steppe due to increased operational efficiency at new land assets, the execution of an effective trading strategy, and growth of sales prices for own agricultural produce, increased profitability in the Agrot trading segment and positive dynamics in international trading, as well as growth of production volumes in the Dairy Farming segment and

successful execution of a time arbitrage strategy in the Sugar and Grocery Trading segment; and at Medsi following revenue and thanks to participation in a JV with Capital Group to build the Nebo residential complex.

In 2020 **adjusted net profit** decreased by 70.0% year-on-year to RUB 16.0 billion. The dynamics of net profit year-on-year were influenced by the sale of 100% shares in Leader-Invest and its deconsolidation, the public offering of 18.3% of Detsky Mir shares, deconsolidation and reclassification of the remaining stake in Detsky Mir (33.4%) as investment in associates in 2019.

Group SG&A costs grew by 4.5% in 2020 primarily due to increased SG&A at the Corporate Centre as a result of the impact of higher costs and bonus payments connected to monetisations and capital markets transactions, as well as the renewal of the LTI programme previously suspended in 2018. Group SG&A costs were also impacted by higher SG&A at Segezha Group due to higher fees charged by logistics companies amid the COVID-19 pandemic, and the effect of currency fluctuations.

Group capex increased by 8.6% year-on-year to RUB 127.8 billion in 2020 as a result of increased investment at MTS in network development, and also impacted by the FX-denominated component of capex in the context of rouble depreciation, as well as expansion and modernisation of production capacities at Segezha Group.

⁵ Group adjusted OIBDA for 2020 reflects the net loss attributable to Sistema at Ozon, where the net loss increased by RUB 0.6 billion (loss for FY 2020 of RUB 8.4 billion vs loss for FY 2019 of RUB 7.8 billion).

OVERVIEW OF PORTFOLIO COMPANIES

MTS



LEADING TELECOMMUNICATIONS OPERATOR AND DIGITAL SERVICES PROVIDER IN RUSSIA

(RUB mln) ⁶	4Q 2020	4Q 2019	Change	FY 2020	FY 2019	Change
Revenue	133,707	124,441	7.4%	494,926	470,605	5.2%
Adj. OIBDA ⁷	52,097	50,913	2.3%	214,895	212,818	1.0%
Adj. OIBDA margin	39.0%	40.9%	(1.9 p.p.)	43.4%	45.2%	(1.8 p.p.)
Operating income	25,728	26,461	(2.8%)	112,638	116,623	(3.4%)
Adj. net profit attributable to Sistema ⁸	6,940	2,777	149.9%	31,753	25,403	25.0%

In 4Q 2020, **MTS's revenue increased by 7.4% year-on-year** to RUB 133.7 billion, driven by growth of mobile services revenue, sales of handsets and fixed-line revenue growth. For FY 2020, **revenue grew by 5.2% year-on-year** to RUB 494.9 billion, mainly due to growth in mobile services revenue in part on the back of repricing in 1Q 2020. In addition to the key Telecom segment, other business segments also delivered growth including **Fintech, Media and B2B Digital & Cloud, which accounted for approximately a third of MTS's revenue growth.**

In 4Q 2020, **adjusted OIBDA totalled RUB 52.1 billion, up 2.3% year-on-year** on the back of revenue growth, despite the creation of operating provisions. **For FY 2020, adjusted OIBDA increased by 1.0% year-on-year to RUB 214.9 billion**, following revenue. Growth was dampened by a decrease in high-margin revenue from international roaming and the creation of provisions at MTS and MTS Bank.

The adjusted OIBDA margin in 4Q 2020 and FY 2020 was **39.0% and 43.4%**, respectively.

In 4Q 2020, **adjusted net profit increased significantly by 149.9% year-on-year** to RUB 6.9 billion, due to a non-cash loss on the sale of the business in Ukraine in 4Q 2019, as well as FX revaluation and a positive effect from derivatives. For FY 2020, **adjusted net profit increased by 25.0% year-on-year** to RUB 31.8 billion due to stable revenue from the telecom business, lower net interest expenses on the back of lower interest rates, and also the effect of FX derivatives used to manage FX risk.

Capex. In FY 2020, capex increased year-on-year, mainly due to increased investments in network development and due to the impact of the FX-denominated portion of capex during a period of rouble depreciation.

Dividends. In 2020, MTS paid regular dividends of RUB 29.5 per ordinary share (RUB 59.0 per ADR), as well as special dividends of RUB 13.25 per ordinary share (RUB 26.5 per ADR) in 1Q 2020 related to the sale of VF Ukraine.

OUTLOOK FOR 2021

For 2021 MTS forecasts at least 4% revenue growth, at least 4% OIBDA growth, and cash capex of approximately RUB 100-110 billion.

KEY HIGHLIGHTS IN 4Q 2020 AND AFTER THE END OF THE REPORTING PERIOD

Appointment of new President and CEO. In March 2021, MTS appointed Vyacheslav Nikolaev as President and CEO. He was previously MTS's First Vice President of Customer Experience, Marketing and Ecosystem Development.

5G rollout. In March 2021, MTS launched Russia's first large-scale 5G pilot user network in the 4.9GHz band at 14 popular locations across Moscow.

Partnership with Yandex Plus. MTS announced a partnership with Yandex Plus allowing MTS Premium users access to Yandex Plus on special conditions and Yandex Plus users access to MTS Premium.

Stock buyback. On 18 March 2021, MTS's Board of Directors approved the repurchase of up to RUB 15 billion worth of ordinary shares (including ADSs) by the end of 2021.

ESG progress. In March 2021, MTS's Board of Directors approved the creation of a new ESG Committee. The committee will be responsible for overseeing the implementation and execution of sustainability principles, as well as for helping MTS's management bodies to form an overarching ESG strategy. MTS also placed its first social bonds, totalling RUB 5 billion. The funds will be used to bring internet access to nearly 5 thousand socially significant facilities across eight Russian regions.

⁶ MTS's results are presented including the divestment of Envision Group in 4Q 2020. Results for 2019 and 2020 have been restated to reflect the effect of the sale.

⁷ Adjusted for an impairment of non-current assets of RUB 2 billion for FY 2020.

⁸ Here and hereinafter net profit is presented as the share attributable to Sistema

SEGEZHA GROUP



LEADING RUSSIAN VERTICALLY INTEGRATED FORESTRY HOLDING

(RUB mln)	4Q 2020	4Q 2019	Change	FY 2020	FY 2019	Change
Revenue	18,809	14,757	27.5%	68,987	58,495	17.9%
OIBDA	6,174	3,871	59.5%	17,457	13,993	24.8%
OIBDA margin	32.8%	26.2%	6.6 p.p.	25.3%	23.9%	1.4 p.p.
Operating income	4,572	2,207	107.2%	11,185	8,333	34.2%
Adj. net profit/(loss) attributable to Sistema	4,059	817	397.1%	(1,324)	5,040	-

Segezha Group's revenue increased by 27.5% year-on-year to RUB 18.8 billion in 4Q 2020. Growth was mainly driven by higher sales volumes of paper packaging and higher prices for paper packaging, sawn timber and plywood amid a recovery in the construction industry. For FY 2020, Segezha Group **increased revenue by 17.9% to RUB 69.0 billion**, due to an increase in sales volumes of paper packaging and sawn timber, as well as an increase in prices for plywood and sawn timber. Positive revenue dynamics were significantly impacted by changes in average exchange rates year-on-year. In 2020, the EUR and USD strengthened against the RUB by 14% and 11%, respectively. In 4Q 2020, the EUR and USD strengthened by 29% and 20%, respectively. The share of FX-denominated earnings stood at 72.0% in FY 2020, and 70.8% for 4Q 2020.

Segezha Group's OIBDA in 4Q 2020 grew by 59.5% year-on-year to RUB 6.2 billion, following revenue growth and thanks to effective cost-control and the effect of RUB depreciation. In FY 2020, **OIBDA increased by 24.8% year-on-year to RUB 17.5 billion**, due to growth in prices for plywood and sawn timber and despite increasing logistics costs and pressure on prices for the majority of Segezha's products during the year.

The OIBDA margin increased by 6.6 p.p. year-on-year to 32.8% in 4Q 2020 and by 1.4 p.p. to 25.3% in FY 2020.

Adjusted net profit in 4Q 2020 grew by 397% year-on-year following OIBDA growth and due to the effect of exchange-rate differences from revaluation of the company's FX-denominated debt. For FY 2020, Segezha recorded a net loss due to revaluation of FX-denominated debt. **Excluding currency impacts, net profit for FY 2020 grew by 170% year-on-year.**

In 4Q 2020, capital expenditure amounted to RUB 2.2 billion, and was focused on construction of a CLT plant, purchases of logging equipment, implementation of SAP S/4HANA, upgrades of existing production facilities and the purchase of converting lines.

In 2020, paper production increased by 3.6% year-on-year to 402.0 thousand tonnes⁹ in 2020, mainly due to measures taken to boost efficiency.

Paper sales volumes increased by 13.8% year-on-year to 289.1 thousand tonnes following growth in production volumes and due to sales of inventoried product. Additional volumes were sold to both existing customers as well as to new customers in China, India, Chile, Argentina and other markets.

In 2020, paper sack production increased by 2.3% year-on-year to 1,290.8 million units, following growth of sales.

The sales volume of paper sacks amounted to 1,300.8 million units¹⁰, up 5.1% year-on-year. Growth was driven by increased sales volumes at Segezha's European and Russian conversion facilities. In Russia, high demand was due to a shortage of imported products, which also supported an increase in shipment prices. In Europe, demand growth was predominantly concentrated in the construction industry.

Plywood production in 2020 amounted to 192.0 thousand cubic metres, unchanged from 2019.

Plywood sales volumes increased by 1.9% year-on-year in 2020 to 185.6 thousand cubic metres. In addition to higher sales volumes, revenue growth was also due to higher prices for plywood and an increased share of high-margin products.

In FY 2020, **sawn timber production grew by 17.5% year-on-year to 1,191.5 thousand cubic metres** due to the acquisition in early 2020 of Karelian Wood Company LLC, a logging and woodworking enterprise, as well as an increase in production volumes of existing enterprises. In addition, the reallocation of production capacity at the Sokol PPM from glulam products (CDC) to sawn timber in 2H 2020 had a significant impact. This reallocation was due to the commissioning of a new splicing line to replace an old line, and will increase glulam production capacity at the Sokol PPM by 20%.

Sawn timber sales volumes in FY 2020 increased by 21.1% year-on-year to 1,217.3 thousand cubic metres following the increase in production volumes.

KEY HIGHLIGHTS IN 4Q 2020 AND AFTER THE END OF THE REPORTING PERIOD

New high-tech paper packaging production line. In November 2020, Segezha installed a new paper packaging production line at the Segezha facility with capacity of 87 million paper sacks per year. The production line uses digital technology to apply glue to packaging, which improves both the quality and speed of gluing while reducing the environmental impact of the finished product.

Expansion of consumer packaging production capacities. In 4Q 2020, preparations began for the installation of four new consumer packaging production lines in the Moscow region with combined capacity of more than 96 million sacks per year.

⁹ Approximately 29.1% of paper produced was supplied to Segezha Group's own converting facilities to produce paper packaging

¹⁰ Including 67.6 million consumer paper bags.



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Launch of new CLT plant. In February 2021, a new cross-laminated timber (CLT) plant with capacity of 50,000 cubic metres was launched in the Vologda region. This represents Russia's first major production facility manufacturing this modern building construction material.

ESG progress. In December 2020, Segezha Group's Board of Directors approved a new health and safety strategy, as well as a new environmental strategy. Both strategies aim to implement global best practices and standards in the Company's business processes.

In March 2021, Segezha Group **became a member of the UN Global Compact.** The initiative brings together over 16,000 organizations from more than 160 different countries who have strategies that meet certain ESG criteria.

In April 2021, the Board of Directors approved the group's **Sustainability Strategy as well as an ESG Policy for the period through 2025.** Segezha's new Sustainability Strategy is based on four pillars: innovative forest business; making Russia's forest regions a better place to live; climate-smart forest management and production; and responsible forest supply chain.

AGROHOLDING STEPPE



ONE OF RUSSIA'S LARGEST AGRICULTURE HOLDINGS AND LAND OWNERS

(RUB million) ¹¹	4Q 2020	4Q 2019	Change	FY 2020	FY 2019	Change
Revenue	10,533	9,384	12.2%	32,824	28,487	15.2%
OIBDA ¹²	4,428	627	606.0%	9,321	4,190	122.5%
OIBDA margin	42.0%	6.7%	35.4 p.p.	28.4%	14.7%	13.7 p.p.
Operating income	3,774	105	3,480.7%	7,368	2,694	173.5%
Net profit/(loss) attributable to Sistema	2,297	(1,303)	-	3,909	(584)	-
OIBDA including AGK Yuzhny ¹³	4,428	397	1,010.1%	9,697	4,103	136.3%

Steppe's revenue for 4Q 2020 **grew by 12.2% year-on-year to RUB 10.5 billion. Revenue for FY 2020 grew by 15.2% to RUB 32.8 billion** due to positive dynamics in all key business segments. Revenue in the Field Crops and Agrot trading segments grew thanks to execution of an effective sales strategy and growth of grain prices. Positive dynamics in the Dairy Farming segment were the result of growth in the dairy herd size and increased productivity. Revenue in the Sugar and Grocery Trading segment grew thanks to execution of a time arbitrage strategy.

In 4Q 2020 **OIBDA increased by 606.0% year-on-year to RUB 4.4 billion** due to effective execution of agricultural produce sales transactions, growth of sales of high-margin niche crops and an increase in global prices for agricultural products. In FY 2020 **OIBDA increased by 122.5% year-on-year to RUB 9.3 billion** primarily due to higher operational efficiency at new land assets, execution of an effective trading strategy and growth of sales prices for own agricultural products, and also thanks to an increase in profitability in the Agrot trading segment and positive dynamics in international trading. The increase in OIBDA was also driven by growth of production volumes in the Dairy Farming segment and the successful execution of a time arbitrage strategy in the Sugar and Grocery Products Trading segment, as well as logistics chains optimisation.

The OIBDA margin in 4Q 2020 **increased by 35.4 p.p. year-on-year to 42.0%**. For FY 2020 the OIBDA margin was 28.4%, **an increase of 13.7 p.p. year-on-year.**

In 4Q 2020 and FY 2020 Steppe's **net profit** was RUB 2.3 billion and RUB 3.9 billion, respectively, compared to a net loss in the previous year, **thanks to positive OIBDA dynamics.**

Steppe's **capex for 2020** totalled RUB 2.5 billion and was primarily allocated to upgrading agricultural machinery and infrastructure improvements, as well as construction and upgrades of dairy farms and acquisition of new land plots.

Net debt in FY 2020 increased year-on-year due to asset acquisitions in 1H 2020 and implementation of the capex programme.

Steppe's land bank as of the end of 2020 **stood at 565,000 hectares. The gross harvest** as of 31 December 2020 stood at 1,253,000 tonnes. Thanks to intelligent deployment of agricultural technologies amid challenging weather conditions, harvest volumes remained high.

Total area of orchards totalled 780 hectares.

Sales volumes in the Agrot trading segment in 2020 **totalled 1,200,000 tonnes.** The average export price of wheat in the first half of the 2020 grain season increased by 25% year-on-year

The Dairy Farming segment demonstrated solid growth: in 4Q 2020 **gross milk yield grew by 17.1% year-on-year** to approximately 19 thousand tonnes, while **average daily milk production per cow was 31 kg** and the dairy herd reached 6,687 head of cattle. The average price per litre of milk in 4Q 2020 was RUB 31.5, compared to RUB 29.9 per litre in 4Q 2019.

Sales volumes in the Sugar and Grocery Trading segment in 2020 **grew by 7.5% year-on-year to 330,000 tonnes**, with high-margin transactions executed as part of the time arbitrage trading strategy supporting OIBDA growth for the segment.

¹¹ RZ Agro is accounted for as an investment in a joint venture in Agroholding Steppe's IFRS financial statements.

¹² Agroholding Steppe's OIBDA excluding OIBDA of AGK Yuzhny, which was divested from the Group in May 2020.

¹³ Agroholding Steppe's OIBDA including OIBDA of AGK Yuzhny during period of ownership by Agroholding Steppe through May 2020.

MEDSI



LEADING PRIVATE HEALTHCARE OPERATOR IN RUSSIA

(RUB million)	4Q 2020	4Q 2019	Change	FY 2020	FY 2019	Change
Revenue	7,797	6,238	25.0%	25,041	22,322	12.2%
Adj. OIBDA ¹⁴	2,781	1,880	47.9%	6,888	5,916	16.4%
Adj. OIBDA margin ¹⁴	35.7%	30.1%	5.5 p.p.	27.5%	26.5%	1.0 p.p.
Operating income	1,540	999	54.1%	3,704	2,848	30.0%
Adj. net profit attributable to Sistema ¹⁴	1,842	1,003	83.7%	3,464	2,920	18.6%

MedSI's revenue in 4Q 2020 **grew by 25.0% year-on-year to RUB 7.8 billion** due to deferred demand for medical services following the lifting of COVID restrictions introduced during 2Q 2020, as well as resumption of routine medical care services, the repurposing of the Otradnoe hospital as an in-patient infectious diseases unit, and also increased demand for COVID-19 testing and development of home care and telemedicine. **Revenue for FY 2020 grew by 12.2% year-on-year to RUB 25.0 billion**, driven by significant growth in the average cheque as a result of provision of COVID-19 diagnosis and treatment services, as well as expansion of the out-patient network in Moscow and the acquisition of clinics in Izhevsk.

Adjusted OIBDA increased by a significant 47.9% year-on-year in 4Q 2020 **to RUB 2.8 billion and by 16.4% year-on-year** for FY 2020 **to RUB 6.9 billion** on the back of revenue growth and due to participation in LLC Project Michurinsky, a JV with Capital Group to construct the Nebo residential complex on Michurinsky Prospekt. The project contributed RUB 1.6 billion to OIBDA in 2020 compared to RUB 1.1 billion in 2019. The net debt/adjusted OIBDA LTM ratio remained at a comfortable level of 0.47x.

In 4Q 2020 the **adjusted OIBDA margin grew by 5.5 p.p. year-on-year** to 35.7%. **For FY 2020 the adjusted OIBDA margin grew by 1.0 p.p.** to 27.5%.

Adjusted net profit grew by 83.7% year-on-year to RUB 1.8 billion, driven by growth of adjusted OIBDA. For FY 2020 **adjusted net profit grew by 18.6% year-on-year** to RUB 3.5 billion.

Revenue from the Clinical Diagnostic Centre (CDC) at Belorusskaya in 4Q 2020 **totalled RUB 827 million**. OIBDA reached RUB 368 million, with an OIBDA margin of 44.4%.

Revenue from the CDC at Krasnaya Presnya in 4Q 2020 **was RUB 858 million**. OIBDA reached RUB 247 million, with an OIBDA margin of 28.8%.

Utilisation grew in 4Q 2020 **by 4 p.p. year-on-year to 54% for out-patient facilities and by 15 p.p. year-on-year to 113% for in-patient facilities** due to deferred demand and restoration of previous activity levels for routine services amid additional revenue from COVID-19 diagnostics and treatment.

The average cheque grew by 29.9% year-on-year to RUB 3,200 in 4Q 2020 due to growth in the share of cost-intensive services for COVID-19 diagnostics (CT scans) as well as the higher average cheque for COVID-19 treatment at the Otradnoe hospital.

The decrease in floor space of 8.4% year-on-year was a result of the non-core assets optimisation programme.

KEY EVENTS IN 4Q 2020 AND AFTER THE END OF THE REPORTING PERIOD

Network expansion. Construction of a new **multifunctional centre on Michurinsky Prospekt, with more than 34,000 sq m of space**, is nearing completion, with the opening planned for 2H 2021. The medical centre will include a CDC for children and adults, a daytime in-patient clinic, and a 24-hour in-patient clinic with a centre for high-tech surgery.

In October 2020 the **Mariyno CDC** opened with 4,400 sq m of space and a **Smart500 neighbourhood clinic** on ulitsa Aviatsionnaya in Moscow.

Active growth of installations of the SmartMed telemedicine app and use of digital services. Downloads of the SmartMed telemedicine app and usage of the service are actively growing. The share of appointments made using the app has reached 35-40% of the total. In 2020 the number of telemedicine consultations increased more than 10x year-on-year.

Increase in self-sufficiency. A project is being rolled out to **centralise laboratory testing** and substitute outsourcing.

¹⁴ Adjusted for allocations related to the LTI programme and for the effect of the acquisition of the Izhevsk clinic.

BUSINESS NEDVIZHIMOST



RENTAL ASSETS WITH A UNIQUE POOL OF PROPERTIES

(RUB million)	4Q 2020	4Q 2019	Change	2020	2019	Change
Revenue	2,172	2,261	(3.9%)	6,296	7,106	(11.4%)
Adj. OIBDA	1,102	1,047	5.2%	2,423	4,495	(46.1%)
Adj. OIBDA margin	50.7%	46.3%	4.4 p.p.	38.5%	63.3%	(24.8 p.p.)
Operating income	978	901	8.6%	1,904	4,015	(52.6%)
Net profit attributable to Sistema	633	1,108	(42.9%)	1,378	3,333	(58.7%)

Revenue at Business Nedvizhimost in 4Q 2020 and in FY 2020 declined by 3.9% and 11.4% year-on-year, respectively, as a result of completion of commercial real estate sales programme in 2019.

In 4Q 2020 OIBDA increased by 5.2% year-on-year to RUB 1.1 billion, resulting in 4.4 p.p. growth in the OIBDA margin to 50.7%. OIBDA for the full year 2020 decreased to RUB 2.4 billion, with an OIBDA margin of 38.5%. The decline was predominantly due to a change in revenue structure in favour of lower-margin rental revenue. In 2020 OIBDA year-on-year dynamics was also affected by the impact of high base due to the sale of a non-core asset in Q2 2019.

Net profit at Business Nedvizhimost declined in 4Q and full year 2020. The full year result was impacted by the OIBDA decline

and higher interest expenses as a result of growth of the loan portfolio.

KEY EVENTS IN 4Q 2020 AND AFTER THE END OF THE REPORTING PERIOD

Territoria project. In 2021, Business Nedvizhimost plans to open 19 flexible offices at the ATS buildings acquired from MGTS, with a total of approximately 8,000 individual workplaces. Territoria will become the first chain of co-working spaces with locations not only in central Moscow but also in densely populated residential districts outside the centre, allowing companies to select the best location for their business. The first Territoria co-working space opened in November 2020.

BPGC



ONE OF RUSSIA'S BIGGEST POWER GRID COMPANIES

(RUB million)	4Q 2020	4Q 2019	Change	2020	2019	Change
Revenue	5,075	6,033	(15.9%)	19,733	20,931	(5.7%)
OIBDA	727	1,703	(57.3%)	4,381	6,205	(29.4%)
OIBDA margin	14.3%	28.2%	(13.9 p.p.)	22.2%	29.6%	(7.4 p.p.)
Operating income	30	1,011	(97.0%)	1,574	3,537	(55.5%)
Net profit attributable to Sistema	19	725	(97.4%)	1,174	2,698	(56.5%)

Revenue at BPGC in 4Q 2020 declined by 15.9% year-on-year to RUB 5.1 billion as a result of a decrease in power supply volumes and net supply of electricity due to usage reductions in the oil sector on the back of the OPEC+ agreement, and also due to a slowdown in economic activity in the region amid the pandemic. These same factors drove a 5.7% year-on-year revenue decline in the full year 2020 to RUB 19.7 billion.

In 4Q 2020 **OIBDA** amounted to **RUB 0.7 billion**. The year-on-year decrease resulted from the revenue decline, and also due to cost growth, including payments for Federal Grid Company (FGC) services, wage indexation, and repair expenses. The decrease was also significantly affected by creation of provisions for accounts receivable following non-payment by a certain number of counterparties. The decline in OIBDA to RUB 4.4 billion in 2020 year-on-year was affected by negative revenue dynamics amidst cost growth, which was partially offset by a reduction in expenditures from technical losses.

The **OIBDA margin** amounted to **14.3%** in 4Q 2020 and **22.2%** in the full year 2020.

BPGC's net profit in 4Q 2020 declined year-on-year on the back of the OIBDA decline and reduction in finance income. The decline in net profit in 2020 was primarily driven by OIBDA dynamics, and also by growth in amortisation expenses and reduction in finance income.

KEY EVENTS IN 4Q 2020 AND AFTER THE END OF THE REPORTING PERIOD

Modernisation of distribution networks. BPGC completed a key project, comprehensive reconstruction of distribution networks in the Ufa city district using Smart Grid technology. Under the project, 513 distribution points were reconstructed, 96.5 kilometres of cable lines were laid and 75,000 metering devices were installed.

COSMOS HOTEL GROUP¹⁵

ONE OF RUSSIA'S LEADING HOTEL MANAGEMENT COMPANIES

(RUB million)	4Q 2020	4Q 2019	Change	2020	2019	Change
Revenue	627	1,237	(49.3%)	2,516	5,034	(50.0%)
Adj. OIBDA ¹⁶	(197)	185	-	(85)	1,251	-
Adj. OIBDA margin ¹⁶	(31.4%)	15.0%	(46.3 p.p.)	(3.4%)	24.9%	(28.2 p.p.)
Operating loss	(372)	(1,008)	-	(1,893)	(481)	-
Adj. net (loss) attributable to Sistema ¹⁷	(457)	(77)	-	(1,167)	(238)	-

Revenue at Cosmos Hotel Group amounted to RUB 0.6 billion and RUB 2.5 billion in 4Q and the full year 2020, respectively. The revenue decline year-on-year was due to a sharp drop in occupancy caused by the COVID-19 pandemic: at the peak of the pandemic, most hotels closed their doors. Following the partial lifting of restrictions in 3Q and 4Q 2020, the significant decline in tourist flows continued to negatively impact the business.

Adjusted OIBDA in 4Q and the full year 2020 decreased on the back of the drop in revenue, despite that the hotels maintained an austerity regime in order to minimise losses during the pandemic.

The adjusted net loss was the result of negative adjusted OIBDA dynamics.

The **share of revenue from hotels outside Russia** in 4Q 2020 was 18.8%, versus 16.0% in 4Q 2019. For the full year this figure was in line with the prior year and was 22.9% versus 24.1% in 2019.

ADR¹⁸ for the Group's hotel portfolio in 4Q 2020 declined by 25.6% year-on-year and stood at RUB 2,500. For 2020, ADR was RUB 3,600, in line with 2019, primarily as a result of hotels outside Russia as the EUR strengthened on average by 29% against the RUB.

RevPAR¹⁹ across the hotel portfolio declined year-on-year from RUB 2,200 in 4Q 2019 to RUB 1,100 in 4Q 2020 and from RUB 2,400 in FY 2019 to RUB 1,300 in FY 2020, reflecting the dramatic decline in occupancy.

Average occupancy in the fourth quarter dropped by 19 p.p. to 44% on account of the substantial decline in demand for hotel services and the partial maintenance of restrictions on hotel and restaurant operations in 4Q 2020. For the FY 2020 occupancy stood at 36%, a 30 p.p. decline versus 2019.

¹⁵ Management accounts.

¹⁶ Presented without accounting for impairment of fixed assets (RUB 1.1 billion) in 2Q 2020.

¹⁷ Adjusted net loss is presented without provision for deferred tax asset (RUB 0.4 billion) in 4Q 2020 and impairment of fixed assets (RUB 1.1 billion) in 2Q 2020.

¹⁸ Average daily rate.

¹⁹ Revenue per available room per day.

CORPORATE CENTRE

(RUB million)	4Q 2020	4Q 2019	Change	FY 2020	FY 2019	Change
Adj. OIBDA ²⁰	(12,203)	(8,474)	-	(20,714)	(16,867)	-
Adj. net profit/(loss)	4,278	25,483	(83.2%)	(16,853)	28,013	-
Corporate Centre's financial liabilities ²¹	190,425	189,160	0.7%	190,425	189,160	0.7%

The Corporate Centre comprises Sistema and companies that control and manage Sistema's interests in its subsidiaries and associates.

In 4Q 2020 the Group's SG&A²² to revenue ratio rose year-on-year from 3.9% to 4.9%, impacted by growth of expenses and payment of bonuses related to monetisations and capital markets transactions, and also due to the resumption of the LTI programme previously suspended in 2018.

The Corporate Centre's financial liabilities increased by 0.7% year-on-year to RUB 190.4 billion due to issuance of RUB-denominated debt.

As of 31 December 2020 RUB-denominated bonds accounted for 66% of the Corporate Centre's financial liabilities.

In December 2020, the Group and Sberbank Investments LLC ("SberInvest"), invested in authorized capital of Megapolis-Invest LLC ("Megapolis-Invest") of RUB 11.0 billion and RUB 3.5 billion, respectively. Additionally, SberInvest provided Megapolis-Invest with debt financing of RUB 10.2 billion. As of 31 December 2020, Megapolis-Invest received these cash funds, however the ownership of SberInvest in the company was not registered in Unified State Register. After the registration of the ownership in 2021, the Group's share in the authorized capital of the Megapolis-Invest amounted to 75.86%. In December 2020, Megapolis-Invest acquired a 64.37% share in Elektrozavod JSC and 100% in Elektrokombinat LLC ("Elektrozavod Group") from certain private investors for RUB 24.7 billion.

The parties also concluded agreements granting Sistema the right to acquire and SberInvest the right to sell to the Group its stake in the equity capital of LLC Megapolis-Invest.

In February 2021 Megapolis Invest acquired an additional 29.64% stake in JSC Elektrozavod from a private investor for RUB 5.8 billion. Following completion of the transaction, LLC Megapolis-Invest held a 94.01% stake in JSC Elektrozavod.

Elektrozavod Group includes transformer equipment production facilities in Moscow and Ufa, maintenance divisions, research and design institutes, an engineering centre and land plots totalling 19 hectares near the Elektrozavodskaya metro station in Moscow.

²⁰ Including part of allocations related to the LTI program for 4Q 2020.

²¹ Including total borrowings, liability to the Russian Federation, financial lease net of cash and cash equivalents at the Corporate Centre.

²² Based on management accounts.

For further information, please visit www.sistema.com or contact:

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Sistema PJSC is a publicly traded Russian investment company with a diversified portfolio of assets serving over 150 million customers in the sectors of telecommunications, high technology, financial services, retail, paper and packaging, agriculture, real estate, tourism and medical services. The company was founded in 1993. Revenue in 2020 was RUB 691.6 billion; total assets equalled RUB 1.4 trillion as of 31 December 2020. Sistema's global depositary receipts are listed under the "SSA" ticker on the London Stock Exchange. Sistema's ordinary shares are listed under the "AFKS" ticker on the Moscow Exchange. Website: www.sistema.com.

The Company is not an investment company, and is not and will not be registered as such, under the U.S. Investment Company Act of 1940.

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 Sistema. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" 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. In addition, there is no assurance that the new contracts entered into by our subsidiaries referenced above will be completed on the terms contained therein or at all. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, impact of COVID-19 pandemic on macroeconomic situation on the markets of presence and financial results of Sistema and its subsidiaries and associates, as well as many other risks specifically related to Sistema and its operations.

**SISTEMA PJSC AND SUBSIDIARIES**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEARS AND THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in millions of Russian roubles, except for per share amounts)

	Year ended December 31, (audited)		Three months ended December 31, (unaudited)	
	2020	2019	2020	2019
Revenue	691 626	654 303	193 366	180 847
Cost of sales	(330 055)	(300 123)	(98 352)	(86 001)
Selling, general and administrative expenses	(134 176)	(128 418)	(47 021)	(38 615)
Depreciation and amortisation ¹	(120 492)	(114 959)	(30 623)	(29 600)
Impairment of long-lived assets	(5 621)	(11 637)	(3 444)	(9 236)
Impairment of financial assets	(2 956)	(6 940)	388	(3 252)
Taxes other than income tax	(4 134)	(4 962)	(862)	(1 469)
Share of the profit or (loss) of associates and joint ventur	(405)	(4 425)	919	(3 079)
Profit on disposal of other assets	11 142	-	11 142	-
Other income	14 829	11 486	3 837	2 420
Other expenses	(10 354)	(7 497)	(6 769)	(4 538)
OPERATING INCOME	109 404	86 828	22 581	7 477
Finance income	5 330	5 921	1 020	738
Finance costs ²	(71 468)	(77 560)	(17 153)	(18 190)
Currency exchange (loss)/gain	(18 643)	13 611	(4 256)	4 546
Change in fair value of financial instruments	21 883	(11 268)	12 837	(4 138)
PROFIT BEFORE TAX	46 506	17 532	15 029	(9 567)
Income tax expense	(8 341)	(27 003)	9 605	(11 098)
Profit/(loss) from continuing operations	38 165	(9 471)	24 634	(20 665)
Profit from discontinued operations	3 122	67 079	240	30 993
Net profit for the year	41 287	57 608	24 874	10 328
Attributable to:				
Shareholders of Sistema JSFC	10 216	28 597	17 516	7 682
Non-controlling interests	31 071	29 011	7 358	2 646
	41 287	57 608	24 874	10 328
Profit/(loss) per share (basic and diluted), in Russian Rubles:				
From continuing operations	0,91	(3,56)	1,85	(2,68)
From continuing and discontinued operations	1,09	3,02	1,86	0,82

¹ Consists of deprecation charged on right-of-use assets during the year ended 31 December 2020 in the amount of RUB 21,535 million, including expenses recorded as part of discontinued operations of RUB 4 million and from continuing operations of RUB 21,531 million, as well as rent expenses from continuing operations that would have been classified as operating lease under previous standards in the amount of RUB 20,478 million

² Consists of interest expenses on lease liabilities for the year ended 31 December 2020 in the amount of RUB 14,471 million, including expenses recorded as part of discontinued operations of RUB 1 million and from continuing operations of RUB 14,470 million, as well as rent expenses from continuing operations that would have been classified as operating lease under previous standards in the amount of RUB 13,030 million

JOINT-STOCK FINANCIAL CORPORATION
SISTEMA**SISTEMA PJSFC AND SUBSIDIARIES**
AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND DECEMBER 31, 2019
(Amounts in millions of Russian roubles)

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	427 311	400 083
Investment property	12 649	13 660
Goodwill	57 204	55 388
Other intangible assets	99 749	91 138
Right-of-use asset	153 103	154 865
Investments in associates and joint ventures	73 856	79 917
Deferred tax assets	41 402	26 752
Loans receivable and other financial assets	158 629	116 973
Deposits in banks	22	82
Other assets	22 916	19 438
Total non-current assets	<u>1 046 841</u>	<u>958 296</u>
CURRENT ASSETS:		
Inventories	46 449	45 329
Contract asset	6 306	6 474
Accounts receivable	56 458	54 703
Advances paid and prepaid expenses	15 302	14 038
Current income tax assets	5 449	4 711
Other taxes receivable	17 636	19 259
Other financial assets	104 573	87 138
Deposits in banks	1 755	1 659
Restricted cash	4 310	5 689
Cash and cash equivalents	113 693	63 669
Other assets	2 544	2 562
Total current assets	<u>374 475</u>	<u>305 231</u>
TOTAL ASSETS	<u>1 421 316</u>	<u>1 263 527</u>

JOINT-STOCK FINANCIAL CORPORATION
SISTEMA**SISTEMA PJSC AND SUBSIDIARIES**
AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND DECEMBER 31, 2019 (CONTINUED)
(Amounts in millions of Russian roubles)

	December 31,	December 31,
	2020	2019
LIABILITIES AND EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	869	869
Treasury shares	(3 029)	(5 971)
Additional paid-in capital	75 279	75 045
Accumulated loss	(27 025)	(36 020)
Accumulated other comprehensive income	18 753	7 452
Equity attributable to shareholders of Sistema JSFC	64 847	41 375
Non-controlling interests	22 482	24 353
TOTAL EQUITY	87 329	65 728
NON-CURRENT LIABILITIES:		
Borrowings	640 570	491 416
Lease liabilities	147 803	149 565
Bank deposits and liabilities	4 199	6 051
Deferred tax liabilities	34 769	36 172
Provisions	7 388	5 748
Other financial liabilities	3 745	3 526
Other liabilities	6 774	5 607
Total non-current liabilities	845 248	698 085
CURRENT LIABILITIES:		
Borrowings	83 391	129 454
Lease liabilities	17 772	16 060
Accounts payable	102 148	89 203
Bank deposits and liabilities	195 346	160 511
Income tax payable	1 029	921
Other taxes payable	15 540	16 065
Dividends payable	3 325	15 569
Provisions	16 612	14 910
Liability to Rosimushchestvo	-	7 231
Contract liabilities and other liabilities	49 844	46 321
Other financial liabilities	3 732	3 469
Total current liabilities	488 739	499 714
TOTAL LIABILITIES	1 333 987	1 197 799
TOTAL LIABILITIES AND EQUITY	1 421 316	1 263 527



SISTEMA PJSFC AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in millions of Russian roubles)

	Year ended December 31, (audited)	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	41 287	57 609
Adjustments for:		
Depreciation and amortization	120 492	135 070
Share of the profit of associates and joint ventures, net	405	4 398
Profit from sales of stakes in associates and joint ventures	(3 368)	(828)
Finance income	(5 330)	(6 088)
Finance costs	71 468	83 516
Income tax expense	8 341	28 227
Currency exchange loss/(gain)	18 621	(17 329)
Gain from discontinued operations	(2 880)	(53 986)
Change in the fair value of financial instruments	(21 798)	11 268
Profit on disposal of property, plant and equipment	(3 000)	(3 029)
Profit on disposal of other assets	(11 142)	-
Expected credit losses allowance on loans to customers	9 601	4 330
Non-cash compensation to employees	3 933	1 601
Impairment of long-lived assets	5 621	11 639
Impairment loss from write-offs of financial assets	2 956	6 921
Other non-cash items	2 332	4 406
	<u>237 539</u>	<u>267 725</u>
Movements in working capital:		
Bank loans to customers and interbank loans due from banks	(36 748)	(33 778)
Bank deposits and liabilities	27 777	36 062
Restricted cash	(853)	2 925
Financial assets at fair value through profit or loss	(5 227)	4 125
Accounts receivable and contract assets	(6 572)	(9 950)
Advances paid	(17 030)	781
Other taxes receivable	250	(1 337)
Inventories	(15 327)	(6 503)
Accounts payable	6 540	2 590
Subscriber prepayments	(143)	384
Other taxes payable	(195)	(2 652)
Advances received and other liabilities	34 607	9 830
Fines and penalties related to investigation into former operations in Uzbekistan	-	(55 607)
Interest paid ³	(70 302)	(83 064)
Income tax paid	(23 706)	(31 540)
Dividends received from associates and joint ventures	6 217	6 279
Net cash provided by operating activities	<u>136 827</u>	<u>106 270</u>

³ Comprises interest paid on lease liabilities for the year ended 31 December 2020 in the amount of RUB 13,828 mln, including interest paid related to discontinued operations of RUB 1 mln and from continuing operations of RUB 13,827 mln, as well as interest paid on lease related to continuing operations that would have been classified as operating lease under previous standards in the amount of RUB 12,879 mln



SISTEMA PJSFC AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE YEARS ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)
(Amounts in millions of Russian roubles)

	Year ended December 31,	
	(audited)	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(94 123)	(92 178)
Proceeds from disposal of other assets	5 104	-
Proceeds from sale of subsidiaries, net of cash	2 988	59 328
Proceeds from sale of property, plant and equipment	6 661	6 598
Payments to obtain and fulfill contracts	(5 355)	(4 693)
Payments for purchases of intangible assets	(33 655)	(25 444)
Payments for businesses, net of cash acquired	(3 410)	(2 775)
Payments for investments in associates and joint ventures	(18 909)	(17 417)
Proceeds from disposal of investments in affiliated companies	25 808	15 301
Payments for purchases of financial assets, long-term	(15 190)	(20 825)
Proceeds from sale of financial assets, long-term	7 236	5 367
Payments for financial assets, short-term	(5 294)	(10 436)
Proceeds from sale of financial assets, short-term	16 728	36 174
Interest received	4 338	5 354
Other	(982)	1 720
Net cash used in investing activities	(108 055)	(43 926)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	412 392	310 672
Principal payments of loans and borrowings	(318 492)	(342 138)
Lease liabilities payments ⁴	(17 094)	(24 303)
Acquisition of non-controlling interests in existing subsidiaries	(17 169)	(22 751)
Proceeds from sale of treasury stock	-	233
Proceeds from capital transactions with non-controlling interests	394	89
Dividends paid	(39 661)	(30 124)
Repurchase of own shares	-	(1 642)
Debt issuance costs	(113)	(138)
Net cash provided/(used in) by financing activities	20 257	(110 102)
Effect of foreign currency translation on cash and cash equivalents	995	(2 755)
Net decrease/increase in cash and cash equivalents	50 024	(50 513)
Cash and cash equivalents at the beginning of the period	63 669	114 183
Cash and cash equivalents at the end of the period	113 693	63 669

⁴ Comprises lease payments for the year ended 31 December 2020 in the amount of RUB 16,366 million as operating lease under previous standards, including payments related to discontinued operations of RUB 16 million and from continuing operations of RUB 16,350 million

Appendix A

Operating Income Before Depreciation and Amortisation (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortisation. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to the OIBDA measures of other companies; is not a measurement under accounting principles generally accepted under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of profit and 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 businesses 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. OIBDA 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.

Adjusted OIBDA, operating income and profit attributable to Sistema shareholders. The Company uses adjusted OIBDA, adjusted operating income and adjusted profit/(loss) attributable to Sistema shareholders to evaluate financial performance of the Group. These represent underlying financial measures adjusted for a number of one-off gains and losses. We believe that adjusted measures provide investors with additional useful information to measure our underlying financial performance, particularly from period to period, because these measures are exclusive of certain one-off gains and losses.

Adjusted operating income and adjusted OIBDA can be reconciled to our consolidated statements of profit and loss as follows:

<i>RUB millions</i>	4Q 2020	4Q 2019	12M 2020	12M 2019
Operating income	22 581	7 476	109 405	86 828
Accruals related to LTI program at portfolio companies	443	72	577	489
Impairment of non-current assets (MTS)	775	-	2 023	-
Impairment of rental properties	-	2 958	-	2 958
Impairment of investment and other property	1 680	3 900	2 789	6 429
Other non-recurring loss, net	80	8 965	1 054	12 352
Adjusted operating income	25 558	23 372	115 848	109 057
Depreciation and amortisation	30 623	29 600	120 492	114 959
Adjusted OIBDA	56 181	52 972	236 340	224 016

Adjusted profit attributable to Sistema shareholders can be reconciled to our consolidated statements of profit and loss as follows:

<i>RUB millions</i>	4Q 2020	4Q 2019	12M 2020	12M 2019
Net profit attributable to Sistema	17 516	7 682	10 217	28 597
Provisions for deferred tax assets (DTA)	-	4 308	-	4 308
Accruals related to LTI program at portfolio companies	421	83	551	679
Impairment of non-current assets (MTS)	387	-	1 011	-
Revaluation of the provision for liability with regards to the Securities and Exchange Commission investigation (MTS)	-	-	-	(1 722)
Impairment of rental properties, inc. write-offs of DTA	-	3 159	-	3 159
Impairment of investment and other property, inc. write-offs of DTA	2 471	3 548	3 446	7 361
Other non-recurring loss, net	79	8 057	773	10 996
Adjusted net profit attributable to Sistema	20 874	26 837	15 998	53 379

Consolidated net debt. We define consolidated net debt as consolidated total debt less cash, cash equivalents and deposits in banks. Consolidated total debt is defined as total borrowings plus finance lease. The total borrowings is defined as long-term borrowings, short-term borrowings and liability to the Russian Federation. We believe that the presentation of consolidated net debt provides useful information to investors because we use this measure in our management of consolidated liquidity, financial flexibility, capital structure and leverage.



Consolidated net debt can be reconciled to the borrowings as follows:

<i>RUB millions</i>	31 December 2020	30 September 2020
Long-term borrowings	640 570	620 256
Short-term borrowings	83 391	73 566
Liability to the Russian Federation	-	4 644
Total borrowings	723 961	698 466
Consolidated finance lease ¹	18 507 ²	19 478 ³
Consolidated total debt	742 468	717 943
Cash and cash equivalents	(113 693)	(110 382)
Deposits in banks	(1 777)	(1 499)
Consolidated net debt	626 998	606 063

¹ In accordance with the standard IAS 17

² Including RUB 1,572 million of short-term finance lease

³ Including RUB 1,654 million of short-term finance lease