Sistema PJSFC (SSA)
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# Sistema launches start-up fund Sistema SmartTech

Moscow, 27 February 2020 - Sistema PJSFC ("Sistema" or "the Corporation") (LSE: SSA, MOEX: AFKS), a Russian publicly-traded diversified holding company, announces the launch of Sistema SmartTech ("Sistema SmartTech" or "the Fund"), a fund aimed at supporting early-stage and start-up companies from seed investment to Series A funding.

The Fund's target size is expected to be RUB 5bn, with up to RUB 1.5bn investment from Sistema. In addition to Sistema, which shall act as an anchor investor, the Fund will also include third-party investors, a number of whom have already expressed an interest in participation.

The Fund will draw down commitments gradually as it approves specific investment projects. These projects will be subject to a rigorous selection process in order to ensure their compliance with the Fund's investment guidelines and applicable legal/regulatory requirements.

Sistema SmartTech will have a total lifespan of eight years, with an investment period of five years. The Fund is expected to support approximately 20 early-stage venture capital projects, with investments in each individual project ranging from RUB 50m to RUB 300m.

Sistema SmartTech will primarily invest in projects that have Russian origin, operate in diverse sectors of the economy, and demonstrate upside potential through the creation of new market niches. Preference will be given to projects with strong prospects of a subsequent sale to strategic investors for whom such projects can become an important element of their ecosystem.

The Fund will be managed by an experienced team of managers with deep expertise in venture capital investments and a robust project pipeline. The team will be led by Ksenia Shoigu, an experienced manager with an extensive track record of successful project implementation. Artem Sirazutdinov, Managing Partner of Sistema, will serve as Chairman of the Fund's Board of Directors.

Artem Sirazutdinov, Managing Partner of Sistema, commented:

"Virtually all sectors of the economy are currently undergoing major technological changes. There is an ongoing process of technology replacement and upgrade, the discovery of new attractive niches and even the formation of entirely new industries. By supporting Russian entrepreneurs with promising technology and product ideas, Sistema is striving to become a leader in technology innovation and transformation."

Ksenia Shoigu, Managing Partner of Sistema SmartTech, said:

"With the transition to the Information Age, we are witnessing a global technological shift that will impact almost all areas of everyday life. Behind each technological change and innovation, there is always an entrepreneur. One of the key objectives of the Fund is to seek out these entrepreneurs and provide them with the resources and infrastructure necessary for their development. It is also important to provide the flexibility to allow these companies to integrate technologies in a timely manner. In this regard, I believe that the Fund's central task is to become a bridge between startups that offer solutions but lack experience in implementation, and large companies that require these technologies."

Sistema SmartTech will join Sistema's family of funds, which also includes Sistema Venture Capital (investments in growth-stage high-tech companies), Sistema Asia Fund (investments in high-tech companies in India and Southeast Asia) and Rusnano Sistema SICAR (a joint fund of Sistema and Rusnano established in 2016 for investments in growth-stage tech companies with a focus on Smart City projects).

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Sistema PJSFC is a Russian publicly-traded diversified holding company serving over 150 million customers in the sectors of telecommunications, high technology, banking, retail, timber processing, agriculture, real estate, tourism and healthcare. The company was founded in 1993. Its revenue in 2018 reached RUB 773.9bn; its total assets equalled RUB 1.5tn as of 31 December 2018. 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. Further information is available at www.sistema.com.

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