

Unaudited interim condensed  
consolidated financial statements

**Public Joint Stock Company**  
**“Vimpel-Communications”**

as of 30 June 2022 and  
for the three and six months ended 30 June 2022

# Public Joint Stock Company “Vimpel-Communications”

## Unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

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# Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders and Board of Directors of Public Joint Stock Company "Vimpel-Communications":

## Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Public Joint Stock Company "Vimpel-Communications" and its subsidiaries as at 30 June 2022 and the related interim consolidated income statements and statements of comprehensive income for the three and six-month periods then ended, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## Scope of review

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

## Conclusion

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

19 August 2022

Moscow, Russian Federation



A.A. Karlovski is authorised to sign on behalf of the general director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906105805)

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated income statement  
for the three and six months ended 30 June 2022  
(All amounts in millions of Rubles)

	Note	Three months ended 30 June		Six months ended 30 June	
		2022 (unaudited)	2021 <sup>1</sup> (unaudited)	2022 (unaudited)	2021 <sup>1</sup> (unaudited)
<b>Continuing operations</b>					
Service revenue		72,919	72,305	147,343	142,262
Sale of equipment and accessories		5,258	7,395	13,995	14,817
Other revenue		380	342	825	709
<b>Total operating revenue</b>		<b>78,557</b>	<b>80,042</b>	<b>162,163</b>	<b>157,788</b>
Other operating income		153	46	302	73
Service costs		(17,661)	(19,415)	(36,773)	(38,222)
Cost of equipment and accessories		(4,710)	(7,296)	(12,827)	(14,413)
Selling, general and administrative expenses					
(including impairment loss on financial assets)	3	(22,036)	(23,090)	(46,210)	(45,064)
Depreciation	10	(20,450)	(18,186)	(41,558)	(36,573)
Amortization	11	(2,812)	(2,637)	(6,156)	(5,104)
Impairment loss	4	(74)	(29)	(37,998)	(111)
Gain / (loss) on disposal, reassessment and modification of non-current assets		383	(160)	688	(487)
<b>Operating profit / (loss)</b>		<b>11,350</b>	<b>9,275</b>	<b>(18,369)</b>	<b>17,887</b>
Finance costs	15	(8,834)	(5,049)	(15,307)	(10,583)
Finance income		389	448	816	911
Foreign exchange gain / (loss), net	1	2,059	95	1,282	610
Other non-operating (loss) / gain, net	5	(406)	57	(204)	26
<b>Profit / (loss) before income tax from continuing operations</b>		<b>4,558</b>	<b>4,826</b>	<b>(31,782)</b>	<b>8,851</b>
Income tax expense	6	(1,118)	(1,183)	(1,252)	(2,950)
<b>Profit / (loss) / for the period from continuing operations</b>		<b>3,440</b>	<b>3,643</b>	<b>(33,034)</b>	<b>5,901</b>
<b>Profit after tax for the period from discontinued operations</b>		<b>–</b>	<b>1,855</b>	<b>–</b>	<b>2,758</b>
<b>Profit / (loss) / for the period</b>		<b>3,440</b>	<b>5,498</b>	<b>(33,034)</b>	<b>8,659</b>
<b>Profit / (loss) / for the period attributable to:</b>					
The owners of the Company, continuing operations		2,729	2,621	(34,290)	3,735
The owners of the Company, discontinued operations		–	1,855	–	2,758
Non-controlling interests		711	1,022	1,256	2,166
		<b>3,440</b>	<b>5,498</b>	<b>(33,034)</b>	<b>8,659</b>

<sup>1</sup> Prior year comparatives are re-presented following the classification of Uzbekistan as discontinued operations.

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of comprehensive income  
for the three and six months ended 30 June 2022

(All amounts in millions of Rubles)

	Three months ended 30 June		Six months ended 30 June	
	2022 (unaudited)	2021 <sup>1</sup> (unaudited)	2022 (unaudited)	2021 <sup>1</sup> (unaudited)
<b>Profit / (loss) / for the period</b>	<b>3,440</b>	5,498	<b>(33,034)</b>	8,659
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation reserve arising on exchange differences on translation of foreign operations of continuing operations (Note 1)	(15,902)	(1,482)	(13,837)	(821)
Foreign currency translation reserve arising on exchange differences on translation of foreign operations of discontinued operations	-	(901)	-	(701)
<b>Other comprehensive income / (loss) for the period</b>	<b>(15,902)</b>	(2,383)	<b>(13,837)</b>	(1,522)
<b>Total comprehensive income / (loss) for the period</b>	<b>(12,462)</b>	3,115	<b>(46,871)</b>	7,137
<b>Total comprehensive income / (loss) for the period attributable to:</b>				
The owners of the Company	(9,395)	2,500	(44,875)	5,632
Non-controlling interests	(3,067)	615	(1,996)	1,505
	<b>(12,462)</b>	3,115	<b>(46,871)</b>	7,137
<b>Total comprehensive income / (loss) for the period attributable to the owners of the Company arises from:</b>				
Continuing operations	(9,395)	1,546	(44,875)	3,575
Discontinued operations	-	954	-	2,057
	<b>(9,395)</b>	2,500	<b>(44,875)</b>	5,632

<sup>1</sup> Prior year comparatives are re-presented following the classification of Uzbekistan as discontinued operations.

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of financial position  
as of 30 June 2022

(All amounts in millions of Rubles)

	Note	30 June 2022 (unaudited)	31 December 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	10	335,529	362,775
Intangible assets	11	69,502	111,161
Deferred income tax assets		910	1,195
Loans and other financial assets	13,15	19,386	28,224
Other non-current assets	8	2,027	2,176
<b>Total non-current assets</b>		<b>427,354</b>	<b>505,531</b>
<b>Current assets</b>			
Inventories	7	5,508	7,708
Trade and other receivables		20,200	24,531
Other current assets	8	9,041	11,756
Current income tax assets		790	1,169
Loans and other financial assets	13,15	8,534	10,776
Cash and cash equivalents	14	11,293	10,313
		<b>55,366</b>	<b>66,253</b>
Assets classified as held for sale	9	1,143	1,375
<b>Total current assets</b>		<b>56,509</b>	<b>67,628</b>
<b>Total assets</b>		<b>483,863</b>	<b>573,159</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity owners of the Company		86,768	129,713
Non-controlling interests		6,896	8,362
<b>Total equity</b>		<b>93,664</b>	<b>138,075</b>
<b>Non-current liabilities</b>			
Trade and other payables		928	1,452
Debt and other financial liabilities	13,15	280,336	298,143
Provisions		2,787	2,514
Deferred income tax liabilities		5,240	5,034
Other non-current liabilities	8	1,769	1,130
<b>Total non-current liabilities</b>		<b>291,060</b>	<b>308,273</b>
<b>Current liabilities</b>			
Trade and other payables	16	50,240	79,993
Debt and other financial liabilities	13,15	29,359	28,455
Provisions		755	1,261
Current income tax payables		981	1,429
Other current liabilities	8	17,804	15,673
<b>Total current liabilities</b>		<b>99,139</b>	<b>126,811</b>
<b>Total equity and liabilities</b>		<b>483,863</b>	<b>573,159</b>

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

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of changes in equity  
for the six months ended 30 June 2022

(All amounts in millions of Rubles)

	Attributable to the owners of the Company						Non-controlling interests	Total equity	
	Note	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve			Total
<b>As of 31 December 2021</b>		<b>3</b>	<b>40,234</b>	<b>(18,384)</b>	<b>122,663</b>	<b>(14,803)</b>	<b>129,713</b>	<b>8,362</b>	<b>138,075</b>
(Loss) / profit for the period		–	–	–	(34,290)	–	(34,290)	1,256	(33,034)
Other comprehensive income / (loss)		–	–	–	–	(10,585)	(10,585)	(3,252)	(13,837)
<b>Total comprehensive income / (loss)</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(34,290)</b>	<b>(10,585)</b>	<b>(44,875)</b>	<b>(1,996)</b>	<b>(46,871)</b>
Sale of non-controlling interests without a change of control		–	–	69	–	–	69	9	78
Transactions under common control (operations related to tower assets, assets held for sale)	9	–	–	(243)	–	–	(243)	–	(243)
Transactions under common control (operations related to tower assets, goodwill)	11	–	–	176	–	–	176	–	176
Transactions under common control (disposal of Kyrgyzstan operations)	12	–	–	1,893	–	35	1,928	521	2,449
<b>As of 30 June 2022 (unaudited)</b>		<b>3</b>	<b>40,234</b>	<b>(16,489)</b>	<b>88,373</b>	<b>(25,353)</b>	<b>86,768</b>	<b>6,896</b>	<b>93,664</b>

Interim consolidated statement of changes in equity  
for the six months ended 30 June 2021

(All amounts in millions of Rubles)

	Attributable to the owners of the Company						Non-controlling interests	Total equity	
		Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve			Total
<b>As of 31 December 2020</b>		<b>3</b>	<b>40,234</b>	<b>31,985</b>	<b>112,568</b>	<b>(65,708)</b>	<b>119,082</b>	<b>38,235</b>	<b>157,317</b>
Profit for the period		–	–	–	6,493	–	6,493	2,166	8,659
Other comprehensive loss		–	–	–	–	(861)	(861)	(661)	(1,522)
<b>Total comprehensive income / (loss)</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>6,493</b>	<b>(861)</b>	<b>5,632</b>	<b>1,505</b>	<b>7,137</b>
Transactions under common control (purchase of non-controlling interests without a change of control)		–	–	31,027	–	–	31,027	(31,027)	–
Transactions under common control (acquisition of LLC “Sovintel Group”)		–	–	(1,198)	–	–	(1,198)	1,029	(169)
<b>As of 30 June 2021 (unaudited)</b>		<b>3</b>	<b>40,234</b>	<b>61,814</b>	<b>119,061</b>	<b>(66,569)</b>	<b>154,543</b>	<b>9,742</b>	<b>164,285</b>

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

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of cash flows  
for the six months ended 30 June 2022

(All amounts in millions of Rubles)

	Note	Six months ended 30 June	
		2022	2021 <sup>1</sup>
<b>Operating activities</b>			
(Loss) / profit for the period from continuing operations		(33,034)	5,901
Income tax expense		1,252	2,950
<b>(Loss) / profit before income tax from continuing operations</b>		<b>(31,782)</b>	<b>8,851</b>
<b>Non-cash adjustments to reconcile profit before tax to net cash flows from operating activities:</b>			
Depreciation	10	41,558	36,573
Impairment loss	4	37,998	111
Amortization	11	6,156	5,104
(Gain) / loss on disposal, reassessment and modification of non-current assets		(688)	487
Finance income		(816)	(911)
Finance costs		15,307	10,583
Other non-operating loss / (gain), net	5	204	(26)
Foreign exchange (gain) / loss, net		(1,282)	(612)
Changes in provisions and other movements		1,002	33
<b>Change in operating assets and liabilities:</b>			
Decrease / (increase) in trade and other receivables		3,335	(3,899)
Decrease / (increase) in inventories		1,761	(806)
(Decrease) / increase in trade and other payables		(4,943)	(3,420)
<b>Operating cash flows before interest and income tax:</b>		<b>67,810</b>	<b>52,068</b>
<b>Interest and income tax:</b>			
Interest paid		(11,931)	(10,419)
Interest received		1,316	386
Income tax paid		(1,455)	(1,855)
<b>Net cash flows from operating activities of continuing operations</b>		<b>55,740</b>	<b>40,180</b>
<b>Net cash flows from operating activities of discontinued operations</b>		<b>–</b>	<b>3,112</b>
<b>Net cash flows from operating activities</b>		<b>55,740</b>	<b>43,292</b>
<b>Investing activities</b>			
Purchase of property, equipment and intangible assets		(44,219)	(41,993)
Proceeds from sale of property, equipment and intangible assets		128	101
Loans issued	13,15	(1,254)	–
Repayment of loans issued		–	6,511
Inflows from investments in other financial assets		287	21
Inflows from deposits		12	68
Outflows from deposits		(15)	–
Acquisition of subsidiaries net of cash acquired		(90)	247
Disposal of subsidiaries net of cash received		622	–
<b>Net cash flows used in investing activities of continuing operations</b>		<b>(44,529)</b>	<b>(35,045)</b>
<b>Net cash flows used in investing activities of discontinued operations (including cash disposed)</b>		<b>–</b>	<b>(1,328)</b>
<b>Net cash flows used in investing activities</b>		<b>(44,529)</b>	<b>(36,373)</b>
<b>Financing activities</b>			
Proceeds from borrowings, net of fees paid	15	32,793	28,604
Repayment of borrowings and bonds	15	(30,599)	(20,642)
Repayment of lease liabilities		(10,122)	(7,500)
Proceeds from sale of non-controlling interest		78	–
<b>Net cash flows (used in) / from financing activities of continuing operations</b>		<b>(7,850)</b>	<b>462</b>
<b>Net cash flows used in financing activities of discontinued operations</b>		<b>–</b>	<b>(149)</b>
<b>Net cash flows (used in) / from financing activities</b>		<b>(7,850)</b>	<b>313</b>
<b>Net change in cash and cash equivalents</b>		<b>3,361</b>	<b>7,232</b>
Effect of exchange rate changes on cash and cash equivalents of continuing operations, net		(2,381)	(60)
Effect of exchange rate changes on cash and cash equivalents of discontinued operations, net		–	(115)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>10,313</b>	<b>12,302</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>11,293</b>	<b>19,359</b>

<sup>1</sup> Prior year comparatives are re-presented following the classification of Uzbekistan as discontinued operations.

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



# Public Joint Stock Company “Vimpel-Communications”

## Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

*(All amounts in millions of Rubles unless otherwise stated)*

### 1. General information

Public Joint Stock Company “Vimpel-Communications” (PJSC “VimpelCom”, together with its consolidated subsidiaries referred to as the “Group”, “VimpelCom”, the “Company” or “we”) was registered in the Russian Federation (“Russia”) on 15 September 1992 as a joint stock company of the closed type, re-registered as a joint stock company of the open type on 28 July 1993 and began full-scale commercial operations in June 1994. The Company was re-registered as an Open Joint Stock Company on 28 March 1995. The Company was re-registered as a Public Joint Stock Company on 19 June 2015.

The registered office of PJSC “VimpelCom” is located at Russian Federation, 127083, Moscow, Ulitsa 8-Marta, Dom 10, Building 14.

The interim condensed consolidated financial statements are presented in Russian Rubles (“RUB”). In these notes, Russian Ruble amounts are presented in millions unless otherwise indicated.

VimpelCom generates revenue from the provision of voice, data and other telecommunication services through a range of mobile and fixed-line technologies, as well as selling equipment and accessories. As of 30 June 2022, the Company operated telecommunications services in Russia and Kazakhstan primarily under the “Beeline” brand name.

In the first quarter of 2022, VimpelCom recorded impairment loss in respect of its operations in Russia of RUB 37,906 (Note 4).

Changes of exchange rates in the countries in which VimpelCom operates as well as changes in the structure of the Group that occurred in 2022 and 2021 resulted in changes in the foreign exchange gain / (loss), net recognized in the consolidated income statement for the three and six months ended 30 June 2022 and 30 June 2021 and changes in the foreign currency translation reserves recognized in the consolidated statement of comprehensive income and statement of changes in equity for the three and six months ended 30 June 2022 and 30 June 2021.

Our working capital is monitored on a regular basis by our management. Although we have a negative working capital our management expects to repay our debt (bank loans (Note 13) and loans received (Note 15)) as it becomes due from our operating cash flows, through external financing, by entering into set-off agreements on obligations under the loan received and management of expenses.

The interim condensed consolidated financial statements of the Company as of 30 June 2022 and for the three and six months ended 30 June 2022 were authorized for issue by the General Director of PJSC “VimpelCom” on 19 August 2022.

### Operating activities of the Group

### 2. Segment information

Management analyzes the Company’s operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies.

Management evaluates the performance of the Company’s segments on a regular basis, primarily based on earnings before interest (both finance income and finance costs), income tax, depreciation, amortization, impairment loss, gain / (loss) on disposals, reassessment and modification of non-current assets, net foreign exchange gain / (loss), other non-operating gain / (loss) (“EBITDA”) along with assessing the capital expenditures excluding certain costs such as those for right-of-use assets (“Capital expenditures”). EBITDA is a non-IFRS performance measure. Management is responsible for defining and establishing this measure, and the method of its calculation may vary from other entities’ calculation of similar measures or the Group’s use of the terms that comprise this measure may vary from similarly titled terms used by others. Management does not analyze assets and liabilities by reportable segments.

## Public Joint Stock Company “Vimpel-Communications”

### Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

(All amounts in millions of Rubles unless otherwise stated)

#### 2. Segment information (continued)

The Company’s reportable segments include “Russia” and “Kazakhstan”. From 21 September 2021, “Uzbekistan” is no longer a reportable segment subsequent to its classification as discontinued operations, the comparative information has been adjusted accordingly. The “Other operating companies” column in the tables below includes our operations in Kyrgyzstan up to the date of disposal on 10 March 2022 (Note 12). The “Eliminations and other” column in the tables below includes inter-company eliminations, holding companies and other unallocated adjustments. Inter-segment transactions between operating segments are made on terms which are comparable to transactions with third parties.

Financial information by reportable segment for the three and six months ended 30 June 2022 and 30 June 2021 is presented in the following tables.

#### Information by reportable segments for the three months ended 30 June 2022

	Russia	Kazakhstan	Other operating companies	Eliminations and other	Group, continuing operations	Uzbekistan, discontinued operations	Total
<b>Revenue</b>							
Service revenue	63,470	9,433	10	6	72,919	–	72,919
including:							
- Mobile	53,404	8,718	–	6	62,128	–	62,128
- Fixed	10,066	715	10	–	10,791	–	10,791
Sale of equipment and accessories	5,131	127	–	–	5,258	–	5,258
Other revenue	182	199	1	(2)	380	–	380
<b>Total operating revenue</b>	<b>68,783</b>	<b>9,759</b>	<b>11</b>	<b>4</b>	<b>78,557</b>	<b>–</b>	<b>78,557</b>
- External customers	68,777	9,756	10	14	78,557	–	78,557
- Inter-segment	6	3	1	(10)	–	–	–
<b>EBITDA</b>	<b>29,320</b>	<b>5,063</b>	<b>(10)</b>	<b>(70)</b>	<b>34,303</b>	<b>–</b>	<b>34,303</b>
<b>Capital expenditures*</b>	<b>12,131</b>	<b>646</b>	<b>(8)</b>	<b>–</b>	<b>12,769</b>	<b>–</b>	<b>12,769</b>

\* Excluding right-of-use assets (IFRS 16 “Leases”).

#### Information by reportable segments for the six months ended 30 June 2022

	Russia	Kazakhstan	Other operating companies	Eliminations and other	Group, continuing operations	Uzbekistan, discontinued operations	Total
<b>Revenue</b>							
Service revenue	126,592	20,166	566	19	147,343	–	147,343
including:							
- Mobile	105,983	18,614	540	24	125,161	–	125,161
- Fixed	20,609	1,552	26	(5)	22,182	–	22,182
Sale of equipment and accessories	13,542	453	–	–	13,995	–	13,995
Other revenue	445	384	3	(7)	825	–	825
<b>Total operating revenue</b>	<b>140,579</b>	<b>21,003</b>	<b>569</b>	<b>12</b>	<b>162,163</b>	<b>–</b>	<b>162,163</b>
- External customers	140,569	20,995	563	36	162,163	–	162,163
- Inter-segment	10	8	6	(24)	–	–	–
<b>EBITDA</b>	<b>56,789</b>	<b>9,880</b>	<b>156</b>	<b>(170)</b>	<b>66,655</b>	<b>–</b>	<b>66,655</b>
<b>Capital expenditures*</b>	<b>28,754</b>	<b>2,266</b>	<b>57</b>	<b>–</b>	<b>31,077</b>	<b>–</b>	<b>31,077</b>

\* Excluding right-of-use assets (IFRS 16 “Leases”).

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements  
as of 30 June 2022 and for the three and six months ended 30 June 2022

(All amounts in millions of Rubles unless otherwise stated)

2. Segment information (continued)

Information by reportable segments for the three months ended 30 June 2021

	Russia	Kazakhstan	Other operating companies	Eliminations and other	Group, continuing operations	Uzbekistan, discontinued operations	Total
<b>Revenue</b>							
Service revenue	62,255	9,285	780	(15)	72,305	3,461	75,766
including:							
- Mobile	52,295	8,514	786	(23)	61,572	3,439	65,011
- Fixed	9,960	771	(6)	8	10,733	22	10,755
Sale of equipment and accessories	7,159	236	–	–	7,395	–	7,395
Other revenue	304	33	9	(4)	342	2	344
<b>Total operating revenue</b>	<b>69,718</b>	<b>9,554</b>	<b>789</b>	<b>(19)</b>	<b>80,042</b>	<b>3,463</b>	<b>83,505</b>
- External customers	69,705	9,549	774	(24)	80,004	3,501	83,505
- Inter-segment	13	5	15	5	38	(38)	–
<b>EBITDA</b>	<b>25,393</b>	<b>4,622</b>	<b>911</b>	<b>(639)</b>	<b>30,287</b>	<b>2,739</b>	<b>33,026</b>
<b>Capital expenditures*</b>	<b>22,052</b>	<b>1,745</b>	<b>226</b>	<b>–</b>	<b>24,023</b>	<b>315</b>	<b>24,338</b>

\* Excluding right-of-use assets (IFRS 16 “Leases”).

Information by reportable segments for the six months ended 30 June 2021

	Russia	Kazakhstan	Other operating companies	Eliminations and other	Group, continuing operations	Uzbekistan, discontinued operations	Total
<b>Revenue</b>							
Service revenue	122,880	17,878	1,535	(31)	142,262	6,788	149,050
including:							
- Mobile	103,150	16,372	1,518	(25)	121,015	6,766	127,781
- Fixed	19,730	1,506	17	(6)	21,247	22	21,269
Sale of equipment and accessories	14,337	480	–	–	14,817	–	14,817
Other revenue	624	74	14	(3)	709	3	712
<b>Total operating revenue</b>	<b>137,841</b>	<b>18,432</b>	<b>1,549</b>	<b>(34)</b>	<b>157,788</b>	<b>6,791</b>	<b>164,579</b>
- External customers	137,809	18,425	1,522	(1)	157,755	6,824	164,579
- Inter-segment	32	7	27	(33)	33	(33)	–
<b>EBITDA</b>	<b>50,921</b>	<b>8,838</b>	<b>1,101</b>	<b>(698)</b>	<b>60,162</b>	<b>4,401</b>	<b>64,563</b>
<b>Capital expenditures*</b>	<b>37,134</b>	<b>3,192</b>	<b>335</b>	<b>–</b>	<b>40,661</b>	<b>981</b>	<b>41,642</b>

\* Excluding right-of-use assets (IFRS 16 “Leases”).

The following table provides the reconciliation of consolidated EBITDA to consolidated profit from continuing operations for the three and six months ended 30 June 2022 and 30 June 2021:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
<b>EBITDA</b>	<b>34,303</b>	30,287	<b>66,655</b>	60,162
Depreciation	(20,450)	(18,186)	(41,558)	(36,573)
Amortization	(2,812)	(2,637)	(6,156)	(5,104)
Impairment loss	(74)	(29)	(37,998)	(111)
Gain / (loss) on disposal, reassessment and modification of non-current assets	383	(160)	688	(487)
Finance costs	(8,834)	(5,049)	(15,307)	(10,583)
Finance income	389	448	816	911
Other non-operating (loss) / gain, net	(406)	57	(204)	26
Net foreign exchange gain / (loss), net	2,059	95	1,282	610
Income tax expense	(1,118)	(1,183)	(1,252)	(2,950)
<b>Profit / (loss) for the period from continuing operations</b>	<b>3,440</b>	3,643	<b>(33,034)</b>	5,901

## Public Joint Stock Company “Vimpel-Communications”

### Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

*(All amounts in millions of Rubles unless otherwise stated)*

#### 2. Segment information (continued)

The following table provides the reconciliation of consolidated EBITDA to consolidated profit from discontinued operations for the three and six months ended 30 June 2022 and 30 June 2021:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
<b>EBITDA</b>	-	2,739	-	4,401
Depreciation	-	(559)	-	(1,079)
Amortization	-	(40)	-	(87)
Impairment loss	-	1	-	-
Gain / (loss) on disposal, reassessment and modification of non-current assets	-	(92)	-	(141)
Finance costs	-	(58)	-	(117)
Finance income	-	32	-	38
Other non-operating gain / (loss), net	-	55	-	279
Net foreign exchange gain / (loss), net	-	13	-	4
Income tax expense	-	(236)	-	(540)
<b>Profit / (loss) / for the period from discontinued operations</b>	-	1,855	-	2,758

#### 3. Selling, general and administrative expenses

Selling, general and administrative expenses from continuing operations for the three and six months ended 30 June 2022 and 30 June 2021 consisted of the following:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
Personnel costs	<b>10,011</b>	8,809	<b>20,494</b>	17,518
Network and IT costs	<b>5,298</b>	5,411	<b>11,189</b>	10,797
Customer associated costs	<b>4,348</b>	4,733	<b>8,611</b>	9,018
Taxes other than income tax	<b>1,075</b>	1,039	<b>2,224</b>	1,999
Losses on receivables	<b>371</b>	521	<b>1,031</b>	583
Consulting and professional service costs	<b>381</b>	512	<b>778</b>	906
Services costs and variable part of the other lease payments	<b>80</b>	1,078	<b>170</b>	2,117
Other G&A expenses	<b>472</b>	987	<b>1,713</b>	2,126
<b>Total</b>	<b>22,036</b>	23,090	<b>46,210</b>	45,064

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#### 4. Impairment

(Impairment loss) / reversal of impairment loss for the six-month period ended 30 June 2022 and 30 June 2021 consisted of the following items:

CGU's	Six months ended 30 June 2022					Six months ended 30 June 2021				
	Property and equipment	Other intangible assets	Goodwill	Other assets	Assets held-for-sale (goodwill) (Note 9)	Total impairment loss 2022	Property and equipment	Other intangible assets	Other assets	Total impairment loss 2021
Russia	(259)	–	(37,415)	–	(277)	(37,951)	90	–	–	90
Kazakhstan	(88)	–	–	–	–	(88)	6	–	–	6
Kyrgyzstan	98	(4)	–	(53)	–	41	(245)	(38)	76	(207)
<b>Total</b>	<b>(249)</b>	<b>(4)</b>	<b>(37,415)</b>	<b>(53)</b>	<b>(277)</b>	<b>(37,998)</b>	<b>(149)</b>	<b>(38)</b>	<b>76</b>	<b>(111)</b>

#### Impairment analysis

Property and equipment and intangible assets are tested regularly for impairment. The Company assesses, at the end of each reporting period, whether there are any indicators that an asset may be impaired (i.e., asset becoming idle, damaged or no longer in use). If there are such indicators, the Company estimates the recoverable amount of the asset. Impairment losses of continuing operations are recognized in the consolidated income statement in a separate line item.

Goodwill is tested for impairment annually (at September 30) or when circumstances indicate the carrying value may be impaired. Refer to Note 11 for an overview of the carrying value of goodwill per cash-generating unit (“CGU”). The Company’s impairment test is primarily based on fair value less cost of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management. The Company considers the weighted average cost of capital as well as other factors and the quarterly financial performances of each CGU when reviewing for indicators of impairment in interim periods.

VimpelCom performed its annual impairment testing at 30 September 2021. Management also updated its assessment of key assumptions as of 31 December 2021 and determined that no additional goodwill impairment should be recorded. For further details regarding calculations and assumptions used for impairment testing, refer to the Group’s audited annual consolidated financial statements as of 31 December 2021 and for the year ended 31 December 2021.

#### Impairment loss in 2022

The Company performed an assessment if impairment indicators exist in any of the CGUs during the six-month period ended 30 June 2022. Based on the analysis performed, no impairment indicators were identified for any CGUs, except for our Russian CGU, for which impairment was already recognized in the three-month period ended 31 March 2022.

The current geopolitical situation (refer to Note 16) has impacted our operations in Russia, resulting in an impairment of RUB 37,692 against the carrying value of goodwill in Russia in the first quarter of 2022. The recoverable amount of the CGU Russia was determined based on fair value less costs of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management.

There were no triggering events indicating any additional impairments (including goodwill impairment) or decline in the fair value in respect of operations in Russia as of 30 June 2022.

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## Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

(All amounts in millions of Rubles unless otherwise stated)

### 4. Impairment loss (continued)

#### Key assumptions – Russia CGU

There were no significant changes in key assumptions as disclosed in annual consolidated financial statements as of 31 December 2021 that would cause the carrying value of CGUs to exceed their recoverable amount, except for the change in the discount rate resulting in an impairment against the carrying value of goodwill in CGU Russia in the first quarter of 2022. The discount rate increase was driven by the current geopolitical situation that negatively impacted the commodity and financial markets, as well as increased volatility in the stock and currency markets, increasing the country risk premium for Russia CGU, and so the local discount rate increased to 16.4% in the first quarter of 2022\*.

\* The discount rate disclosed as of 31 March 2022 was corrected to conform to the discount rate actually applied in the calculation of the recoverable amount in the first quarter of 2022 without affecting the amount of the impairment loss recognized in the first quarter of 2022.

The potential additional impairment for the Russia CGU if the discount rate adversely changes by one percentage point within both the explicit forecast and terminal periods would be RUB 15,206. Any additional adverse changes in the discount rate by more than one percentage point would increase the amount of impairment exposure approximately proportionally.

Although we believe that judgments made supporting our impairment assessment are reasonable (relying on information reasonably available to us), the current geopolitical situation makes it challenging for us to estimate the future performance of our CGUs. As circumstances change and/or new information becomes available, we may be required to record additional impairments in future periods.

### 5. Other non-operating (loss) / gain, net

Other non-operating (loss) / gain, net from continuing operations for the three and six months ended 30 June 2022 and 30 June 2021 consisted of the following:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
Other loss, net	(209)	57	(286)	26
Changes in the fair value of non-hedge derivatives	(197)	–	82	–
<b>Total other non-operating (loss) / gain, net</b>	<b>(406)</b>	<b>57</b>	<b>(204)</b>	<b>26</b>

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**6. Income taxes**

Income tax expense is the total of the current and deferred income taxes. Current income tax is the expected income tax expense, payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Deferred income tax is the tax asset or liability resulting from a difference in income recognition between enacted or substantively enacted local tax law and group IFRS accounting.

Income tax expense from continuing operations consisted of the following for the three and six months ended 30 June 2022 and 30 June 2021:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
<b>Profit / (loss) before tax from continuing operations</b>	<b>4,558</b>	<b>4,826</b>	<b>(31,782)</b>	<b>8,851</b>
Current income tax from continuing operations	(873)	(548)	(1,241)	(2,410)
Deferred income tax from continuing operations	(245)	(635)	(11)	(540)
<b>Income tax expense from continuing operations reported in the interim consolidated income statement</b>	<b>(1,118)</b>	<b>(1,183)</b>	<b>(1,252)</b>	<b>(2,950)</b>
<b>Effective tax rates from continuing operations</b>	<b>25%</b>	<b>25%</b>	<b>(4%)</b>	<b>33%</b>

The difference between the statutory tax rate of 20% in Russia and the effective corporate income tax rate from continuing operations of 25% for the Group in the three-month period ending 30 June 2022 was primarily driven by non-deductible expenses accrued in Russia and Kazakhstan.

The difference between the statutory tax rate of 20% in Russia and the effective corporate income tax rate from continuing operations of (4%) for the Group in the six-month period ending 30 June 2022 was primarily driven by impairment of goodwill and assets held for sale (goodwill) in the total amount of RUB 37,692, changes in provisions for uncertain income tax positions in the amount of RUB 409 accrued in Russia and other non-deductible income tax expenses.

The difference between the statutory tax rate of 20% in Russia and the effective corporate income tax rate from continuing operations of 25% for the Group in the three-month period ending 30 June 2021 was primarily driven by tax contingencies in the amount of RUB 158 accrued in Russia net of reverse in tax provisions accrued in Kyrgyzstan in the amount of RUB (571) and lower tax rate in Kyrgyzstan.

The difference between the statutory tax rate of 20% in Russia and the effective corporate income tax rate from continuing operations of 33% for the Group in the six-month period ending 30 June 2021 was primarily driven by tax contingencies in the amount of RUB 894 accrued in Russia and lower tax rate in Kyrgyzstan.

Income tax expense from discontinued operations consisted of the following for the three and six months ended 30 June 2022 and 30 June 2021:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
<b>Profit before tax from discontinued operations</b>	<b>–</b>	<b>2,091</b>	<b>–</b>	<b>3,298</b>
Current income tax from discontinued operations	–	(220)	–	(580)
Deferred income tax from discontinued operations	–	(15)	–	40
<b>Income tax expense from discontinued operations</b>	<b>–</b>	<b>(235)</b>	<b>–</b>	<b>(540)</b>
<b>Effective tax rates from discontinued operations</b>	<b>–</b>	<b>11%</b>	<b>–</b>	<b>(16%)</b>

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**7. Inventories**

Inventories consisted of the following items as of 30 June 2022 and 31 December 2021:

	<b>30 June 2022</b>	<b>31 December 2021</b>
Telephone handsets and accessories for sale	5,901	8,113
SIM-Cards	618	403
Other inventories	130	130
Obsolescence allowance	(1,141)	(938)
<b>Total</b>	<b>5,508</b>	<b>7,708</b>

**8. Other assets and liabilities**

Other assets consisted of the following items as of 30 June 2022 and 31 December 2021:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Other non-current assets</b>		
Customer acquisition costs	1,494	1,811
Deferred costs related to connection fees	394	264
Other non-current assets	139	101
<b>Total other non-current assets</b>	<b>2,027</b>	<b>2,176</b>
<b>Other current assets</b>		
Input value added tax	5,944	7,141
Advances to suppliers	2,358	3,992
Deferred costs related to connection fees	605	540
Prepaid taxes	64	8
Other current assets	70	75
<b>Total other current assets</b>	<b>9,041</b>	<b>11,756</b>

Other liabilities consisted of the following items as of 30 June 2022 and 31 December 2021:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Other non-current liabilities</b>		
Long-term deferred revenue	752	472
Other non-current liabilities	1,017	658
<b>Total other non-current liabilities</b>	<b>1,769</b>	<b>1,130</b>
<b>Other current liabilities</b>		
Amounts due to employees	7,266	6,134
Taxes payable (non-income tax)	6,450	3,958
Customer advances	1,321	2,847
Short-term deferred revenue	2,170	2,323
Other liabilities	597	411
<b>Total other current liabilities</b>	<b>17,804</b>	<b>15,673</b>

**9. Assets held for sale**

The following table shows the assets classified as held-for-sale as of 30 June 2022 and 31 December 2021:

	<b>30 June 2022</b>	<b>31 December 2021</b>
Other current assets	541	536
Goodwill	319	839
Property and equipment	283	–
<b>Total assets classified as held for sale</b>	<b>1,143</b>	<b>1,375</b>



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### Investing activities of the Group

#### 10. Property and equipment

During the six months ended 30 June 2022 and 30 June 2021, the Company had the following changes in property and equipment:

	Six months ended 30 June	
	2022	2021
<b>Net book value as of 1 January</b>	<b>362,775</b>	298,938
Additions <sup>1</sup> (Note 16)	28,762	45,983
Disposals	(147)	(932)
Transactions under common control (including business combinations under common control)	–	2,714
Depreciation charge	(41,558)	(37,652)
Impairment (Note 4)	(249)	(149)
Transfers	173	–
Reassessments and modifications of ROUA <sup>2</sup>	(4,921)	6,577
Assets classified as held for sale	(283)	(17)
Translation adjustment (Note 1)	(9,023)	(1,295)
<b>Net book value as of 30 June</b>	<b>335,529</b>	314,167

<sup>1</sup> Including additions of right-of-use assets during the six months ended 30 June 2022 in the amount of RUB 2,628 (2021: RUB 15,315);

<sup>2</sup> The amount of RUB (4,780) (2021: RUB 3,701) relates to lease term reassessment in Russia.

#### 11. Intangible assets

During the six months ended 30 June 2022 and 30 June 2021, the Company had the following changes in intangible assets:

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Other intangible assets	Goodwill	Total intangible assets	Other intangible assets	Goodwill	Total intangible assets
<b>Net book value as of 1 January</b>	<b>26,447</b>	<b>84,714</b>	<b>111,161</b>	26,565	89,209	115,774
Additions	4,943	–	4,943	4,396	–	4,396
Disposals	(39)	–	(39)	–	–	–
Acquisition of subsidiaries	–	–	–	–	30	30
Transactions under common control (operations related to tower assets)	–	176	176	498	–	498
Amortization charge	(6,156)	–	(6,156)	(5,191)	–	(5,191)
Impairment (Note 4)	(4)	(37,415)	(37,419)	(37)	–	(37)
Transfers	(54)	–	(54)	(187)	(200)	(387)
Translation adjustment	(1,569)	(1,541)	(3,110)	(811)	–	(811)
<b>Net book value as of 30 June</b>	<b>23,568</b>	<b>45,934</b>	<b>69,502</b>	25,233	89,039	114,272

The movements in goodwill for the Group, per cash generating unit (“CGU”), consisted of the following items for the six-month period ended 30 June 2022:

	Note	Russia	Kazakhstan	Total
<b>31 December 2021</b>		<b>80,439</b>	<b>4,275</b>	<b>84,714</b>
Impairment	4	(37,415)	–	(37,415)
Transactions under common control (operations related to tower assets)		176	–	176
Translation adjustment		–	(1,541)	(1,541)
<b>30 June 2022</b>		<b>43,200</b>	<b>2,734</b>	<b>45,934</b>

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#### 12. Transactions under common control

##### Sale of operations in Kyrgyzstan

In March 2022, VEON Eurasia S.à r.l. (a subsidiary of the Company) entered into an agreement for the sale of 50.1% shares of VIP Kyrgyzstan Holding AG (the subsidiary of the Company), which holds 100% shares in Menacrest AG (the subsidiary of the Company), which in turn holds 100% stake in Sky Mobile, LLC and 100% stake in Balance KG, LLC, operating companies and subsidiaries of the Company in Kyrgyzstan. Under the agreement, on 10 March 2022, VEON Eurasia S.à r.l. transferred 50.1% shares of VIP Kyrgyzstan Holding AG to VEON Holdings B.V. (a subsidiary of VEON Ltd. and related party of the Group), in exchange for consideration of USD 12.1 million (the equivalent of RUB 1,405 as of 10 March 2022 at the exchange rate provided by the Central Bank of Russia). As of 10 March 2022, the net liabilities of VIP Kyrgyzstan Holding AG, Menacrest AG, Sky Mobile, LLC and Balance KG, LLC amounted to the equivalent of RUB 1,044. This transaction was accounted for through equity of the Group with a total impact on equity of RUB 2,449. The effect of the divestment is detailed below:

	<u>Amount</u>
<b>Net cash consideration received (USD 12,1 million)</b>	<b>1,405</b>
<b>Derecognition of assets:</b>	
- Cash and cash equivalents	(639)
<b>Total assets derecognized</b>	<b>(639)</b>
<b>Derecognition of liabilities:</b>	
- Lease Liabilities	365
- Trade and other payables	671
- Provisions	164
- Other liabilities	483
<b>Total liabilities derecognized</b>	<b>1,683</b>
<b>Total net liabilities disposed</b>	<b>1,044</b>
<b>Total impact on the Company's equity</b>	<b>2,449</b>
Derecognition of non-controlling interests	(521)
Release cumulative other comprehensive income	(35)
<b>Total effect of the divestment</b>	<b>1,893</b>

The financial performance information of Kyrgyzstan operations (after excluding intra-group transactions) presented below are for the period of 2022 ended 10 March 2022 (“2022” column) and for the year ended 31 December 2011 (“2021” column).

##### Summarized Income statement

	<u>2022</u>	<u>2021</u>
Operating revenue	537	3,120
Service costs	(79)	(403)
Selling, general and administrative expenses	(289)	(1,659)
Reversal of impairment / (impairment) loss	41	(1,361)
<b>Operating profit / (loss)</b>	<b>210</b>	<b>(303)</b>
Finance costs	(10)	(140)
Finance income	5	35
Foreign exchange gain, net	6	24
<b>Profit / (loss) before income tax</b>	<b>211</b>	<b>(384)</b>
Income tax expense	-	36
<b>Profit / (loss) for the period</b>	<b>211</b>	<b>(348)</b>
<b>Attributable to:</b>		
The owners of the Company	106	(174)
Non-controlling interests	105	(174)

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**Financing activities of the Group**

**13. Financial assets and liabilities**

The loans and other financial assets consisted of the following items as of 30 June 2022 and 31 December 2021:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Loans and other financial assets</b>		
<b>Financial assets at amortized cost</b>		
- Loans granted to related parties, principal amount	15 24,004	34,078
- Loans granted to related parties, interest receivable	230	968
Loans granted to related parties	<u>24,234</u>	<u>35,046</u>
Loans granted to owners of the non-controlling interests	264	2,229
Other financial assets	<u>3,422</u>	<u>1,725</u>
<b>Total loans and other financial assets</b>	<u>27,920</u>	<u>39,000</u>
- Non-current	19,386	28,224
- Current	<u>8,534</u>	<u>10,776</u>

The debt and other financial liabilities consisted of the following items as of 30 June 2022 and 31 December 2021:

	<b>30 June 2022</b>	<b>31 December 2021</b>
<b>Debt and other financial liabilities</b>		
<b>Financial liabilities at fair value through profit or loss</b>		
Foreign exchange contracts	197	–
<b>Total financial liabilities at fair value through profit or loss</b>	<u>197</u>	<u>–</u>
<b>Financial liabilities at amortized cost</b>		
- Loans payables to related parties, principal amount	15 69,080	161,636
- Loans payables to related parties, interest payable	2,983	170
- Unamortised fees on loans payables to related parties	<u>(28)</u>	<u>(582)</u>
Loans payables to related parties	<u>72,035</u>	<u>161,224</u>
- Bonds, principal amount	488	701
- Bonds, interest payable	6	11
Bonds	<u>494</u>	<u>712</u>
- Bank loans, principal amount	90,856	1,721
- Bank loans, interest payable	134	66
- Unamortised fees on bank loans	<u>(524)</u>	<u>–</u>
Bank loans	<u>90,466</u>	<u>1,787</u>
Lease liabilities	146,464	162,836
Other financial liabilities	39	39
<b>Total financial liabilities at amortized cost</b>	<u>309,498</u>	<u>326,598</u>
<b>Total debt and other financial liabilities</b>	<u>309,695</u>	<u>326,598</u>
- Non-current	280,336	298,143
- Current	<u>29,359</u>	<u>28,455</u>

There were no significant changes in financial assets and liabilities in the three-month period ended 30 June 2022 except for the scheduled repayments of debt, changes reflected in the tables above and as described below. Furthermore, there were no changes in risks and risk management policies as disclosed in the Group’s annual consolidated financial statements as of and for the year ended 31 December 2021.

## Public Joint Stock Company “Vimpel-Communications”

### Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

(All amounts in millions of Rubles unless otherwise stated)

#### 13. Financial assets and liabilities (continued)

##### Bonds

The Company had the following principal amounts outstanding for bonds as of 30 June 2022 and 31 December 2021:

<b>Borrower</b>	<b>Type of bonds</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Currency</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
PJSC “VimpelCom”	Ruble bonds	5.55%	2025	RUB	488	488
PJSC “VimpelCom”	Ruble bonds	6.20%	2022	RUB	–	213
<b>Total bonds, principal amount</b>					<b>488</b>	<b>701</b>
- Non-current portion					488	488
- Current portion					–	213

In March 2022, PJSC “VimpelCom” fully repaid its 6.20% Ruble bonds in the amount of RUB 213 (principal amount) and the accrued interest on them in the amount of RUB 7.

##### Bank loans

The Company had the following principal amounts outstanding for bank loans as of 30 June 2022 and 31 December 2021:

<b>Lender</b>	<b>Borrower</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Currency</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
PJSC Sberbank	PJSC “VimpelCom”	CBR key rate+1.90%	Dec. 2026	RUB	45,000	–
AO “ALFA-BANK”	PJSC “VimpelCom”	10.1% and CBR key rate+2.15%	Dec. 2026	RUB	45,000	–
ForteBank, JSC	KaR-Tel, LLP	13%	2023	KZT	856	1,721
<b>Total bank loans, principal amount</b>					<b>90,856</b>	<b>1,721</b>
- Non-current portion					90,489	956
- Current portion					367	765

##### Sberbank

On 22 December 2021, VEON Finance Ireland Designated Activity Company (“VFI”), the subsidiary of VEON Ltd. and the related party of the Company, signed a RUB 45 000 Term Facilities Agreement with PJSC Sberbank with a floating rate for which the interest rate is set based on the current key rate of the Bank of Russia plus 1.90% per annum. Maturity date of the facility is December 2026. The proceeds from PJSC Sberbank facility have been used by VFI to finance intercompany loans to PJSC “VimpelCom” (Note 15). On 12 April 2022, PJSC “VimpelCom” entered into a novation agreement with VFI and PJSC Sberbank, according to which it has been agreed to transfer by novation absolutely all of the VFI’s rights and obligations under the Term Facilities Agreement to PJSC “VimpelCom”, and PJSC Sberbank has agreed to release VFI from its existing obligations under the Term Facilities Agreement dated 22 December 2021 and release VEON Holdings B.V. from its guarantee under the Term Facilities Agreement. On 29 April 2022, a Set-Off Agreement was signed between “VFI” and PJSC “VimpelCom” to offset VFI’s obligations to pay consideration to PJSC “VimpelCom” in the amount of RUB 45,520 for assuming the borrower’s obligations under the novation agreement dated 12 April 2022. The amount of consideration due to PJSC “VimpelCom” was set off against the existing obligation of PJSC “VimpelCom” to VFI under the facility agreement with VFI for the total amount of RUB 45,000 dated 23 December 2021 (Note 15) together with all accrued but unpaid interest as of the date of set-off excluding the RUB 403 interest amounts for which the interest payment date was amended to 21 September 2022 under the waiver letter dated 22 March 2022 (Note 15).

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*(All amounts in millions of Rubles unless otherwise stated)*

#### **13. Financial assets and liabilities (continued)**

##### **Bank loans (continued)**

###### **ALFA-BANK**

On 23 December 2021, VEON Finance Ireland Designated Activity Company (“VFI”), the subsidiary of VEON Ltd. and the related party of the Company, signed a RUB 45 000 Term Facilities Agreement with AO “ALFA-BANK” which includes a RUB 30 000 fixed 10.1% rate Facility A and a RUB 15 000 floating rate Facility B for which the interest rate is set based on the current key rate of the Bank of Russia plus 2.15% per annum, both with a maturity date of December 2026. The proceeds from AO “ALFA-BANK” facilities have been used by VFI to finance intercompany loans to PJSC “VimpelCom” (Note 15). On 15 April 2022, PJSC “VimpelCom” entered into a novation agreement with VFI and AO “ALFA-BANK”, according to which it has been agreed to transfer by novation absolutely all of the VFI’s rights and obligations under the Term Facilities Agreement to PJSC “VimpelCom”, and AO “ALFA-BANK” has agreed to release VFI from its existing obligations under the Term Facilities Agreement dated 23 December 2021 and release VEON Holdings B.V. from its guarantee under the Term Facilities Agreement. On 29 April 2022, a Set-Off Agreement was signed between “VFI” and PJSC “VimpelCom” to offset VFI’s obligations to pay consideration to PJSC “VimpelCom” in the amount of RUB 45,314 for assuming the borrower’s obligations under the novation agreement dated 15 April 2022. The amount of consideration due to PJSC “VimpelCom” was set off against the existing obligation of PJSC “VimpelCom” to VFI under the facility agreement with VFI for the total amount of RUB 45 000 dated 23 December 2021 (Note 15) together with all accrued but unpaid interest as of the date of set-off excluding the RUB 1 316 interest amounts for which the interest payment date was amended to 23 September 2022 under the waiver letter dated 22 March 2022 (Note 15).

###### **ForteBank**

On 13 November 2020, KaR-Tel, LLP entered into a loan agreement with ForteBank, JSC on the provision of credit lines with a total limit of 10,000,000 thousand Kazakh tenge (the equivalent of RUB 1,796 as of 13 November 2020 at the exchange rate provided by the Central Bank of Russia). On 13 November 2020, under this loan agreement, KaR-Tel, LLP entered into an agreement with Bank RBK, JSC on the provision of a guarantee line in the amount of 5,000,000 thousand Kazakh tenge (the equivalent of RUB 898 as of 13 November 2020 at the exchange rate provided by the Central Bank of Russia). On 20 December 2020, KaR-Tel, LLP received financing in the amount of 5,000,000 thousand Kazakh tenge (the equivalent of RUB 873 as of 20 December 2020 at the exchange rate provided by the Central Bank of Russia) for the acquisition of fixed assets and other capital expenditures, the interest rate is 13%, the maturity date of the loan is until 13 November 2023. On 17 March 2021, KaR-Tel, LLP received the second tranche of financing in the amount of 5,000,000 thousand Kazakh tenge (the equivalent of RUB 871 as of 17 March 2021 at the exchange rate provided by the Central Bank of Russia) for the purchase of fixed assets and other capital expenditures, the interest rate is 13%, the maturity date of the loan is until 13 November 2023.

###### **Loans granted to owners of the non-controlling interests**

On 19 November 2021, VIP Kazakhstan Holding AG, a subsidiary of the Company, entered into a facility agreement with one of the owners of the non-controlling interests for USD 64.25 million. The interest rate under this facility agreement was LIBOR+1.25%. In the 4th quarter of 2021, VIP Kazakhstan Holding AG provided the owner of the non-controlling interests with the amount of USD 30 million (the equivalent of RUB 2,229 as of 31 December 2021 at the exchange rate provided by the Central Bank of Russia). During the six months ended 30 June 2022, VIP Kazakhstan Holding AG provided the owner of the non-controlling interests with the amount of USD 3,6 million (the equivalent of RUB 184 as of 30 June 2022 at the exchange rate provided by the Central Bank of Russia). In July 2022 and August 2022, VIP Kazakhstan Holding AG provided the owner of the non-controlling interests with the amount of USD XXX million (the equivalent of RUB 307 as of 16 August 2022 at the exchange rate provided by the Central Bank of Russia).

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### Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

*(All amounts in millions of Rubles unless otherwise stated)*

#### 13. Financial assets and liabilities (continued)

##### Loans granted to related parties and loans received from related parties

Significant changes in the financial assets and liabilities also relate to the loans received from related parties and the amount of interest accrued on them, loans granted to related parties and the amount of interest accrued on them as further described in Note 15.

##### Fair value

As of 30 June 2022, the fair values of all financial assets and liabilities are equal to or approximate their respective carrying amounts as shown in the table at the beginning of this note, with the exception of:

- loans payables to related parties, including interest accrued, for which fair value is equal to RUB 68,150 (31 December 2021: RUB 161,806);
- bonds, including interest accrued, for which fair value is equal to RUB 494 (31 December 2021: RUB 712);
- bank loans, including interest accrued, for which fair value is equal to RUB 91,766 (31 December 2021: RUB 1,918);
- lease liabilities, for which fair value has not been determined.

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables, other assets and liabilities approximate their respective fair value.

As of 30 June 2022 and 31 December 2021, carrying amounts of financial assets and financial liabilities carried at amortized costs approximates their fair value which is measured based on Level 2 inputs.

Fair values are estimated based on quoted market prices for our bonds, derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with similar maturity and risk profile. The fair values for loans to related parties are estimated by discounting contractual cash flows at the applicable rate for the instruments with similar maturity and risk profile. The fair value of derivative financial instruments is determined using the discounted cash flow techniques.

Observable inputs (Level 2) used in the valuation techniques include interbank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads.

On a quarterly basis, the Company reviews if there are any indicators for a possible transfer between fair value hierarchy levels. This depends on how the Company is able to obtain the underlying input parameters when assessing the fair valuations. During the six months ended 30 June 2022 there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

#### 14. Cash and cash equivalents

Cash and cash equivalents consisted of the following items as of 30 June 2022 and 31 December 2021:

	<b>30 June 2022</b>	<b>31 December 2021</b>
Cash and cash equivalents at banks and on hand	<b>9,940</b>	7,840
Short-term deposits with an original maturity of less than three months	<b>1,353</b>	2,473
<b>Total cash and cash equivalents</b>	<b>11,293</b>	10,313

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

As of 30 June 2022 and 31 December 2021, there were no restricted cash and cash equivalent balances.

# Public Joint Stock Company “Vimpel-Communications”

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(All amounts in millions of Rubles unless otherwise stated)

### Additional information

#### 15. Related parties

As of 30 June 2022 and 31 December 2021, PJSC “VimpelCom” was a wholly-owned indirect subsidiary of VEON Ltd. As of 30 June 2022 and 31 December 2021, VEON Ltd. was primarily owned by L1T VIP Holdings S.à r.l., a member of the LetterOne group of companies. VEON Ltd. has no ultimate controlling shareholder.

Outstanding balances and transactions with subsidiaries of VEON Ltd. including Kyivstar and Teta Telecom and its subsidiaries, mainly represented telecommunication services.

The following tables provide the total amount of transactions that have been entered into with related parties and balances of accounts with them for the relevant financial periods:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
<b>Continuing operations</b>				
Revenue from VEON Ltd. and its subsidiaries:				
- Revenue from Teta Telecom and its subsidiaries	329	397	781	782
- Revenue from Kyivstar	82	114	207	230
- Revenue from VEON Ltd. and its other subsidiaries	64	148	96	355
	<b>475</b>	<b>2,072</b>	<b>1,084</b>	<b>2,780</b>
Services from VEON Ltd. and its subsidiaries:				
- Services from Teta Telecom and its subsidiaries	756	916	1,793	1,820
- Services from Kyivstar	26	168	215	350
- Services from VEON Ltd. and its other subsidiaries	221	1,419	427	3,026
	<b>1,003</b>	<b>2,503</b>	<b>2,435</b>	<b>5,196</b>
Finance income from VEON Ltd. and its subsidiaries	208	369	466	783
Finance costs from VEON Ltd. and its subsidiaries <sup>1</sup>	3,584	3,315	7,868	6,427
Other gain from VEON Ltd. and its subsidiaries, net	–	14	1	15
<b>Discontinued operations</b>				
Other operating income from VEON Ltd. and its subsidiaries	–	1,413	–	1,413

<sup>1</sup> Change in finance costs from VEON Ltd. and its subsidiaries for the three months ended 30 June 2022 compared to the same period in 2021 was due to changes in the structure of loans received from VEON Ltd. and its subsidiaries, considering differences in loan amounts and interest rates on them in the respective reporting periods.

## Public Joint Stock Company “Vimpel-Communications”

### Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

(All amounts in millions of Rubles unless otherwise stated)

#### 15. Related parties (continued)

	As of 30 June 2022	As of 31 December 2021
Accounts receivable from VEON Ltd. and its subsidiaries:		
- Accounts receivable from Teta Telecom and its subsidiaries	193	646
- Accounts receivable from Kyivstar	139	70
- Accounts receivable from VEON Ltd. and its other subsidiaries	1,238	1,289
Accounts receivable from other related parties	–	63
	<b>1,570</b>	<b>2,068</b>
Accounts payable to VEON Ltd. and its subsidiaries:		
- Accounts payable to Teta Telecom and its subsidiaries	173	387
- Accounts payable to Kyivstar	83	64
- Accounts payable to VEON Ltd. and its other subsidiaries	1,511	2,052
Accounts payable to other related parties	–	1
	<b>1,767</b>	<b>2,504</b>
Loans granted to VEON Ltd. and its subsidiaries	24,004	34,078
Interest receivable from VEON Ltd. and its subsidiaries	230	968
Loans received from VEON Ltd. and its subsidiaries	69,080	161,636
Interest payable to VEON Ltd. and its subsidiaries	2,983	170
Amortised fees related to loans received from VEON Ltd. and its subsidiaries	(28)	(582)

#### Loans granted to VEON Ltd. and its subsidiaries

As of 30 June 2022 and 31 December 2021, the principal amounts of loans granted to VEON Ltd. and its subsidiaries were as follows:

Lender	Borrower	Date of agreement	Maturity	Interest Rate	Currency	30 June 2022	31 December 2021
PJSC “VimpelCom” <sup>1</sup>	VEON Holdings B.V.	27 Oct. 2020	Oct. 2024	3.0%	USD	18,417	26,745
VIP Kazakhstan Holding AG <sup>2</sup>	VEON Holdings B.V.	19 Nov. 2021	Nov 2022	LIBOR+1.25%	USD	4,802	6,166
Clafdor Investments Ltd.	VEON Micro Holdings B.V.	4 Jun. 2018	On demand	LIBOR+0.60%	USD	541	786
KaR-Tel, LLP	TNS-Plus	2007-2011	Dec. 2026	9.46%	KZT	244	381
<b>Total</b>						<b>24,004</b>	<b>34,078</b>

<sup>1</sup> In July 2022, VEON Holdings B.V. and PJSC “VimpelCom” signed a set-off agreement of obligations under the loan granted to VEON Holdings B.V. in the amount of USD 360 million (the equivalent of RUB 18,417 as of 30 June 2022 at the exchange rate provided by the Central Bank of Russia) with obligations of PJSC “VimpelCom” from the loan received from VEON Holdings B.V. in the amount of RUB 2,290 including all accrued and postponed interest as of 22 July 2022 and partially with obligations of PJSC “VimpelCom” from the loan received from VEON Holdings B.V. in the amount of RUB 24,768 for principal amount of RUB 17,481 and all accrued interest as of 22 July 2022. The set-off was made from the ruble equivalent at the exchange rate provided by the Central Bank of Russia as of 22 July 2022;

<sup>2</sup> During the six months ended 30 June 2022, VIP Kazakhstan Holding AG provided VEON Holdings B.V. with the amount of USD 10.9 million (the equivalent of RUB 558 as of 30 June 2022 at the exchange rate provided by the Central Bank of Russia). In July 2022 and August 2022, VIP Kazakhstan Holding AG provided VEON Holdings B.V. with the amount of USD 15 million (the equivalent of RUB 921 as of 16 August 2022 at the exchange rate provided by the Central Bank of Russia).



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## Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

(All amounts in millions of Rubles unless otherwise stated)

### 15. Related parties (continued)

#### Loans received from VEON Ltd. and its subsidiaries

As of 30 June 2022 and 31 December 2021, the principal amounts of loans received from VEON Ltd. and its subsidiaries were as follows:

Lender	Borrower	Date of agreement	Maturity	Interest rate	Currency	30 June 2022	31 December 2021
VEON Finance Ireland Designated Activity Company <sup>1</sup>	PJSC “VimpelCom”	15 Feb. 2022	Feb. 2029	CBR key rate+2.15%	RUB	30,000	–
VEON Holdings B.V. <sup>2</sup>	PJSC “VimpelCom”	17 Dec. 2020	Dec., 2024	8.75%	RUB	24,768	23,377
VEON Holdings B.V. <sup>3</sup>	PJSC “VimpelCom”	12 May 2021	May, 2024	3.00%	USD	12,022	17,459
VEON Holdings B.V. <sup>4</sup>	PJSC “VimpelCom”	9 Aug. 2021	Aug., 2024	8.75%	RUB	2,290	800
VEON Finance Ireland Designated Activity Company <sup>5</sup>	PJSC “VimpelCom”	23 Dec. 2021	Dec. 2026	10.2% and CBR key rate+2.25%	RUB	–	45,000
VEON Finance Ireland Designated Activity Company <sup>6</sup>	PJSC “VimpelCom”	23 Dec. 2021	Dec. 2026	CBR key rate+2.00%	RUB	–	45,000
VEON Holdings B.V. <sup>7</sup>	PJSC “VimpelCom”	14 Aug. 2020	Aug., 2024	8.75%	RUB	–	30,000
<b>Total</b>						<b>69,080</b>	<b>161,636</b>

<sup>1</sup> On 15 February 2022, PJSC “VimpelCom” signed the facility agreement with VEON Finance Ireland Designated Activity Company for the amounts of RUB 30,000 with a maturity date of 15 February 2029 for general corporate purposes. The interest rate under this facility agreement is the CBR key rate+2.15%. In the first quarter of 2022, under this facility agreement VEON Finance Ireland Designated Activity Company provided PJSC “VimpelCom” with RUB 30,000. In March and April 2022, the parties agreed to postpone the interest payment date from 15 March 2022 and 15 April 2022 to 14 September 2022. In May 2022, the parties agreed to postpone the interest payment date from 17 May 2022 to 17 October 2022. In June 2022, the parties agreed to postpone the interest payment date from 16 June 2022 to 16 November 2022. In July 2022, the parties agreed to postpone the interest payment date from 18 July 2022 to 19 December 2022. In July 2022, PJSC “VimpelCom” received a notice of the assignment of claims from VEON Finance Ireland Designated Activity Company to VEON Holdings B.V.;

<sup>2</sup> In the first quarter of 2022, VEON Holdings B.V. provided PJSC “VimpelCom” with the equivalent of RUB 1,337 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia). In March and April 2022, the parties agreed to postpone the interest payment date from 14 March 2022 and 15 April 2022 to 12 September 2022. In May 2022, the parties agreed to postpone the interest payment date from 16 June 2022 to 16 November 2022. In July 2022, the parties agreed to postpone the interest payment date from 18 July 2022 to 19 December 2022. In July 2022, VEON Holdings B.V. and PJSC “VimpelCom” signed a set-off agreement of obligations under the loan granted to VEON Holdings B.V. in the amount of USD 360 million (the equivalent of RUB 18,417 as of 30 June 2022 at the exchange rate provided by the Central Bank of Russia) partially with obligations of PJSC “VimpelCom” from the loan received from VEON Holdings B.V. in the amount of RUB 24,768 for principal amount of RUB 17,481 and all accrued interest as of 22 July 2022. The set-off was made from the ruble equivalent at the exchange rate provided by the Central Bank of Russia as of 22 July 2022;

<sup>3</sup> In July 2022, PJSC “VimpelCom” signed the agreement with VEON Holdings B.V. for the conversion of a loan dated 12 May 2021 in the amount of USD 235 million into Russian rubles at the exchange rate of the Central Bank of Russia as of 22 July 2022;

<sup>4</sup> In the first quarter of 2022, VEON Holdings B.V. provided PJSC “VimpelCom” with RUB 1,490. In July 2022, VEON Holdings B.V. and PJSC “VimpelCom” signed a set-off agreement of obligations under the loan granted to VEON Holdings B.V. in the amount of USD 360 million (the equivalent of RUB 18,417 as of 30 June 2022 at the exchange rate provided by the Central Bank of Russia) with obligations of PJSC “VimpelCom” from the loan received from VEON Holdings B.V. in the amount of RUB 2,290 including all accrued and postponed interest as of 22 July 2022;

<sup>5</sup> In March 2022, the parties agreed to postpone the interest payment date from 24 March 2022 to 23 September 2022. On 29 April 2022, a Set-Off Agreement was signed between “VFI” and PJSC “VimpelCom” to offset VFI's obligations to pay consideration to PJSC “VimpelCom” for assuming the borrower's obligations under the novation agreement dated 15 April 2022 (Note 13). The amount of consideration due to PJSC “VimpelCom” was set off against the existing obligation of PJSC “VimpelCom” to VFI under the facility agreement with VFI for the total amount of RUB 45 000 dated 23 December 2021 together with all accrued but unpaid interest as of the date of set-off excluding the RUB 1 316 interest amounts for which the interest payment date was amended to 23 September 2022 under the waiver letter dated 22 March 2022. On 10 June 2022 interest in the amount of RUB 1,316 was fully repaid in accordance with the permission received from Ministry of Finance of Russian Federation.

<sup>6</sup> In March 2022, the parties agreed to postpone the interest payment date from 21 March 2022 to 21 September 2022. On 29 April 2022, a Set-Off Agreement was signed between “VFI” and PJSC “VimpelCom” to offset VFI's obligations to pay consideration to PJSC “VimpelCom” for assuming the borrower's obligations under the novation agreement dated 12 April 2022 (Note 13). The amount of consideration due to PJSC “VimpelCom” was set off against the existing obligation of PJSC “VimpelCom” to VFI under the facility agreement with VFI for the total amount of RUB 45,000 dated 23 December 2021 together with all accrued but unpaid interest as of the date of set-off excluding the RUB 403 interest amounts for which the interest payment date was amended to 21 September 2022 under the waiver letter dated 22 March 2022. On 10 June 2022 interest in the amount of RUB 403 was fully repaid in accordance with the permission received from Ministry of Finance of Russian Federation;

<sup>7</sup> In the first quarter of 2022, PJSC “VimpelCom” early repaid the principal amount of RUB 30,000.

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#### **15. Related parties (continued)**

##### **Terms and conditions of transactions with related parties**

Outstanding balances at period-end are unsecured, settlements occur in cash. During the three months ended 30 June 2022, there have been no new guarantees provided or received for any related party receivables or payables and no changes occurred to the terms and amounts of the Company’s guarantees of the related party loans that existed as of 31 December 2021 and were disclosed in the notes to the respective annual consolidated financial statements. No triggering events under the existing guarantees (Note 16) in favor of related parties occurred.

As of 30 June 2022 and 31 December 2021, the Group performed the impairment assessment over the loans granted to related parties and receivables owed by related parties held by the Company. As a result, the calculated amount of the expected credit loss allowance over the loans granted to related parties and receivables owed by related parties held by the Company was determined as insignificant from the Company’s perspective and was therefore not recognized as of 30 June 2022 and 31 December 2021.

#### **16. Risks, commitments, contingencies and uncertainties**

Other than disclosed below and elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the three-month period ended 30 June 2021.

##### **Guarantees in favour of VEON Holdings B.V.**

On 29 June 2011, VEON Holdings B.V., a subsidiary owned by VEON Ltd., completed an offering of an aggregate principal amount of USD 2,200 million notes (the equivalent of RUB 62,117 as of 29 June 2011 at the exchange rate provided by the Central Bank of Russia) split between three-, five- and ten-year tranches, with an annual interest rates range of LIBOR plus 4.0% - 7.50%. The Company guaranteed these notes issues. On 2 April 2015, 19 June 2017, 29 June 2017 and 31 December 2018, VEON Holdings B.V. partially repurchased its notes. As of 31 December 2021 and 31 December 2020, the outstanding principal amount under the notes was USD 417 million (the equivalent of RUB 30,980 as of 31 December 2021 at the exchange rate provided by the Central Bank of Russia) and USD 417 million (the equivalent of RUB 30,806 as of 31 December 2020 at the exchange rate provided by the Central Bank of Russia), respectively. In March 2022, VEON Holdings B.V. fully redeemed its notes, which were guaranteed by the Company. No triggering events under the guarantee occurred.

##### **Current geopolitical situation**

In 2022, in response to the events in Ukraine, the United States, the European Union (and individual EU member states) and, the United Kingdom, as well as other countries have imposed wide-ranging economic sanctions and trade restrictions which have targeted individuals and entities as well as large aspects of the Russian economy, including freezing the assets of the Russia’s Central Bank, other Russian financial institutions, and individuals, removing selected Russian banks from the Swift banking system, and restricting export of certain products to Russia. Furthermore, as a response to the imposed sanctions, Russia introduced a number of countersanctions aimed at stabilizing domestic financial markets. These, among others, include new restrictions related to capital and foreign exchange controls, restrictions on lending to foreign (non-Russian) persons and certain financial operations for persons, controlled from “hostile” jurisdictions, restrictions on foreign persons’ transactions with Russian securities and real estate, limitations on export and import of certain goods into and outside Russia. The above circumstances have negatively affected the commodity and financial markets, as well as increased volatility in the stock and currency markets.

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*(All amounts in millions of Rubles unless otherwise stated)*

#### **16. Risks, commitments, contingencies and uncertainties (continued)**

##### **Current geopolitical situation (continued)**

As of the date of issue of these interim condensed consolidated financial statements, the Company is not itself subject to any sanctions imposed by the aforementioned jurisdictions. The sanctions imposed by various jurisdictions, as well as decisions of our service providers, partners, suppliers and other counterparties, and the ensuing economic effects may have adverse effect on our results and operations in Russia and the Company's financial performance as a whole, as well as the Company's liquidity position and ability to attract new financing or source relevant network equipment from vendors. In addition, an increase in the key interest rate by the Central Bank of Russia can increase the cost of financing for the Company due to the Company's floating interest rate credit lines (Note 13 and Note 15).

Currently, the management of the Company is focused on ensuring the provision of uninterrupted services to our customers and supporting the economic sustainability of the Company in the current environment. The quality of the Company's telecommunication network remains a key focus, and the Company continues to build new LTE base stations and to progress in the fiberization of its transport infrastructure. While the pace of these developments has somewhat decelerated due to the current context, the Company is proactively addressing market-wide component availability issues through cooperation with other major domestic telecom operators, researching possibility to build new supply chains and introducing flexible sourcing.

In the first quarter of 2022, the impairment loss of RUB 37,692 (including RUB 277 of goodwill within assets held for sale (Note 9)) was recognized against the carrying value of goodwill in Russia (Note 4).

The management of the Company actively monitors the Company's liquidity position, financial and non-financial covenants, and our equity levels on a regular and continuous basis both at the group and operating company levels. The Company has sufficient liquidity to satisfy our obligations in the foreseeable future, at least over the next twelve months. The company expects stable cash flows from operating activities for the foreseeable future. The Company actively monitors any new changes and developments to assess their potential impact on the Company's financial performance, operations and management.

The management of the Company has evaluated the aforementioned conditions and events, considered in aggregate, and has concluded the Company's ability to continue as a going concern for at least twelve months after the date of the consolidated financial statements are issued. Therefore, the accompanying interim condensed consolidated financial statements have been prepared on a going concern basis.

#### **17. Events after the reporting period**

##### **Loans granted and loans received**

Significant changes in financial assets and liabilities after the reporting period related to the loans granted to related parties and loans received from related parties were described in Note 15.

## Public Joint Stock Company “Vimpel-Communications”

### Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2022 and for the three and six months ended 30 June 2022

*(All amounts in millions of Rubles unless otherwise stated)*

#### **18. Basis of preparation of the interim condensed consolidated financial statements**

##### **Basis of preparation**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as of and for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards.

The preparation of these interim condensed consolidated financial statements has required Company’s management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgements, estimates and assumptions affects the amounts reported in the interim consolidated statement of financial position, interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, interim consolidated statement of cash flows as well as the notes to the interim condensed consolidated financial statements. The final amounts for items for which estimates and assumptions were made in the interim condensed consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

In preparing these interim condensed consolidated financial statements significant judgements and key sources of estimation uncertainty were the same as those applied to the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the estimates made with respect to the recoverable amount of the CGUs (Note 4).

##### **New standards, interpretations and amendments**

The accounting policies adopted in the preparation of the Group’s interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements as of and for the year ended 31 December 2021.

A number of new and amended standards became effective as of 1 January 2022, which did not have a material impact on VimpelCom financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but have not yet become effective.