

Unaudited interim condensed  
consolidated financial statements

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

as of 30 June 2021 and  
for the three and six months ended 30 June 2021

# Public Joint Stock Company “Vimpel-Communications”

## Unaudited interim condensed consolidated financial statements as of 30 June 2021 and for the three and six months ended 30 June 2021

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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 (together – the "VimpelCom") as at 30 June 2021 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".

*A.A. Karlovski*  
*PricewaterhouseCoopers Audit*  
30 August 2021  
Moscow, Russian Federation

**A.A. Karlovski, certified auditor (licence No. 01-000399), AO PricewaterhouseCoopers Audit**

Audited entity: Public Joint Stock Company Vimpel-Communications

Independent auditor: AO PricewaterhouseCoopers Audit

Record made in the Unified State Register of Legal Entities  
on 28 August 2002 under State Registration Number 1027700166636

Registered by the Government Agency Moscow Registration Chamber  
on 28 February 1992 under No. 008.890

Taxpayer Identification Number 7713076301

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Public Joint Stock Company “Vimpel-Communications”

Interim consolidated income statement  
for the three and six months ended 30 June 2021

(All amounts in millions of Rubles)

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Service revenue		75,766	73,365	149,050	148,091
Sale of equipment and accessories		7,395	4,988	14,817	10,625
Other revenue		344	137	712	673
<b>Total operating revenue</b>	2	<b>83,505</b>	78,490	<b>164,579</b>	159,389
Other operating income	13	1,459	130	1,486	130
Service costs		(19,727)	(18,780)	(38,880)	(36,207)
Cost of equipment and accessories		(7,296)	(5,053)	(14,413)	(10,750)
Selling, general and administrative expenses (including impairment loss on financial assets)	3	(24,915)	(25,420)	(48,209)	(50,154)
Depreciation	8	(18,745)	(18,048)	(37,652)	(35,986)
Amortization	9	(2,677)	(2,999)	(5,191)	(5,929)
Impairment (loss) / reversal of impairment loss		(28)	–	(111)	68
Loss on disposal of non-current assets		(252)	(258)	(628)	(510)
<b>Operating profit</b>		<b>11,324</b>	8,062	<b>20,981</b>	20,051
Finance costs		(5,107)	(6,382)	(10,700)	(13,165)
Finance income		480	869	949	1,967
Foreign exchange gain / (loss), net		108	2,750	614	(5,643)
Other non-operating gain / (loss), net	4	112	(2,304)	305	1,675
<b>Profit before tax</b>		<b>6,917</b>	2,995	<b>12,149</b>	4,885
Income tax expense	5	(1,419)	(1,599)	(3,490)	(2,822)
<b>Profit for the period</b>		<b>5,498</b>	1,396	<b>8,659</b>	2,063
<b>Profit for the period attributable to:</b>					
The owners of the Company		4,476	750	6,493	3,033
Non-controlling interests		1,022	646	2,166	(970)
		<b>5,498</b>	1,396	<b>8,659</b>	2,063

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

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of comprehensive income  
for the three and six months ended 30 June 2021

(All amounts in millions of Rubles)

	Three months ended 30 June		Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
<b>Profit for the period</b>	<b>5,498</b>	1,396	<b>8,659</b>	2,063
<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	(2,383)	(3,171)	(1,522)	2,620
<b>Other comprehensive (loss) / income for the period, net of tax</b>	<b>(2,383)</b>	(3,171)	<b>(1,522)</b>	2,620
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>3,115</b>	(1,775)	<b>7,137</b>	4,683
<b>Attributable to:</b>				
The owners of the Company	2,500	(2,431)	5,632	5,581
Non-controlling interests	615	656	1,505	(898)
	<b>3,115</b>	(1,775)	<b>7,137</b>	4,683

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

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated statement of financial position  
as of 30 June 2021

(All amounts in millions of Rubles)

	Note	30 June 2021 (unaudited)	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	8	314,167	298,938
Intangible assets	9	114,272	115,774
Deferred income tax assets		1,255	817
Loans and other financial assets	11,13	27,827	27,121
Other non-current assets	7	2,158	2,128
<b>Total non-current assets</b>		<b>459,679</b>	<b>444,778</b>
<b>Current assets</b>			
Inventories	6	7,976	7,318
Trade and other receivables		22,465	20,860
Other current assets	7	12,930	12,067
Current income tax assets		910	1,135
Loans and other financial assets	11,13	26,731	33,720
Cash and cash equivalents	12	19,359	12,302
<b>Total current assets</b>		<b>90,371</b>	<b>87,402</b>
<b>Assets classified as held for sale</b>		<b>26</b>	<b>–</b>
<b>Total assets</b>		<b>550,076</b>	<b>532,180</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity owners of the Company	10	154,543	119,082
Non-controlling interests	10	9,742	38,235
<b>Total equity</b>		<b>164,285</b>	<b>157,317</b>
<b>Non-current liabilities</b>			
Trade and other payables		1,392	2,059
Debt and other financial liabilities	11,13	259,036	223,008
Provisions		3,728	3,685
Deferred income tax liabilities		5,729	4,549
Other non-current liabilities	7	584	486
<b>Total non-current liabilities</b>		<b>270,469</b>	<b>233,787</b>
<b>Current liabilities</b>			
Trade and other payables	10,13	74,535	86,100
Debt and other financial liabilities	11,13	20,613	38,341
Provisions		2,846	2,042
Current income tax payables		1,310	835
Other current liabilities	7	16,018	13,758
<b>Total current liabilities</b>		<b>115,322</b>	<b>141,076</b>
<b>Total equity and liabilities</b>		<b>550,076</b>	<b>532,180</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 2021

(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 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)	10	–	–	31,027	–	–	31,027	(31,027)	–
Transactions under common control (acquisition of LLC “Sovintel Group”)	10	–	–	(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>

Interim consolidated statement of changes in equity  
for the six months ended 30 June 2020

(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 2019</b>		<b>3</b>	<b>40,234</b>	<b>37,458</b>	<b>122,594</b>	<b>(61,959)</b>	<b>138,330</b>	<b>(266)</b>	<b>138,064</b>
Profit for the period		–	–	–	3,033	–	3,033	(970)	2,063
Other comprehensive income / (loss)		–	–	–	–	2,548	2,548	72	2,620
<b>Total comprehensive income / (loss)</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>3,033</b>	<b>2,548</b>	<b>5,581</b>	<b>(898)</b>	<b>4,683</b>
Dividends declared		–	–	–	(20,000)	–	(20,000)	(170)	(20,170)
Transactions under common control		–	–	14,775	–	(878)	13,897	13,351	27,248
<b>As of 30 June 2020 (unaudited)</b>		<b>3</b>	<b>40,234</b>	<b>52,233</b>	<b>105,627</b>	<b>(60,289)</b>	<b>137,808</b>	<b>12,017</b>	<b>149,825</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 2021

(All amounts in millions of Rubles)

	Note	Six months ended 30 June	
		2021	2020
<b>Operating activities</b>			
Profit for the period		8,659	2,063
Income tax expense	5	3,490	2,822
<b>Profit before tax</b>		<b>12,149</b>	<b>4,885</b>
<b>Non-cash adjustments to reconcile profit before tax to net cash flows from operating activities:</b>			
Depreciation	8	37,652	35,986
Impairment loss / (reversal) of impairment loss		111	(68)
Amortization	9	5,191	5,929
Loss on disposal of non-current assets		628	510
Finance income		(949)	(1,967)
Finance costs		10,700	13,165
Other non-operating gain, net	4	(305)	(1,675)
Foreign exchange (gain) / loss, net		(614)	5,643
Changes in provisions and other movements		649	2,338
<b>Operating cash flows before working capital adjustments, interest and income taxes</b>		<b>65,212</b>	<b>64,746</b>
<b>Working capital adjustments</b>			
Decrease / (increase) in trade and other receivables		(3,515)	(1,013)
Decrease / (increase) in inventories		(804)	3,378
(Decrease) / increase in trade and other payables		(5,391)	(4,165)
<b>Interest and income taxes</b>			
Interest paid		(10,532)	(11,941)
Interest received		423	1,846
Income tax paid		(2,101)	(3,363)
<b>Net cash flows from operating activities</b>		<b>43,292</b>	<b>49,488</b>
<b>Investing activities</b>			
Purchase of property, equipment and intangible assets		(43,327)	(38,330)
Proceeds from sale of property, equipment and intangible assets		101	253
Loans issued		–	(29,529)
Repayment of loans issued	13	6,511	48,422
Inflows / (outflows) from investments in other financial assets		21	2,557
Inflows from deposits		74	53
Outflows from deposits		–	(1,546)
Acquisition of subsidiaries net of cash acquired	10	247	–
Disposal of subsidiary net of cash received		–	(428)
Other cash inflows		–	248
<b>Net cash flows used in investing activities</b>		<b>(36,373)</b>	<b>(18,300)</b>
<b>Financing activities</b>			
Proceeds from borrowings	13	28,604	–
Repayment of borrowings	11,13	(20,642)	(30,439)
Repayment of lease liabilities		(7,649)	(7,128)
<b>Net cash flows from / (used in) financing activities</b>		<b>313</b>	<b>(37,567)</b>
<b>Net change in cash and cash equivalents</b>		<b>7,232</b>	<b>(6,379)</b>
<b>Effect of exchange rate changes on cash and cash equivalents, net</b>		<b>(175)</b>	<b>2,208</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>12,302</b>	<b>31,498</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>19,359</b>	<b>27,327</b>

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 2021 and for the three and six months ended 30 June 2021

*(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 10 bld. 14 8<sup>th</sup> Marta, Moscow, Russian Federation, 127083.

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 2021, the Company operated telecommunications services in Russia, Kazakhstan, Uzbekistan (Note 10) and Kyrgyzstan primarily under the “Beeline” brand name.

Changes of exchange rates in the countries in which VimpelCom operates as well as changes in the structure of the Group that occurred in 2020 resulted in changes in the foreign exchange (loss) / gain, net recognized in the consolidated income statement for the three and six months ended 30 June 2021 and 30 June 2020 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 2021 and 30 June 2020.

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 as it becomes due from our operating cash flows and/or through external financing.

The interim condensed consolidated financial statements of the Company as of 30 June 2021 and for the three and six months ended 30 June 2021 were authorized for issue by the General Director of PJSC “VimpelCom” on 30 August 2021.

### 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 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”). Management does not analyze assets or liabilities by reportable segments.

The Company’s reportable segments include “Russia”, “Kazakhstan” and “Uzbekistan”. Operating segment “Uzbekistan” do not meet any of the quantitative thresholds (i.e. below 10 per cent threshold) while considered reportable and separately disclosed by the Company because management of the Company believes that information about the operating segment “Uzbekistan” would be useful to users of the financial statements. The “Other operating companies” column in the tables below includes our operations in Kyrgyzstan (2020: Kyrgyzstan, Armenia and Georgia). 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.

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements  
as of 30 June 2021 and for the three and six months ended 30 June 2021

(All amounts in millions of Rubles unless otherwise stated)

**2. Segment information (continued)**

Financial information by reportable segment for the three and six months ended 30 June 2021 and 30 June 2020 is presented in the following tables.

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

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	62,255	9,285	3,480	760	(14)	<b>75,766</b>
including:						
- Mobile	52,295	8,514	3,464	760	(8)	<b>65,025</b>
- Fixed	9,960	771	16	–	(6)	<b>10,741</b>
Sale of equipment and accessories	7,159	236	–	–	–	<b>7,395</b>
Other revenue	304	33	6	9	(8)	<b>344</b>
<b>Total operating revenue</b>	<b>69,718</b>	<b>9,554</b>	<b>3,486</b>	<b>769</b>	<b>(22)</b>	<b>83,505</b>
- External customers	69,705	9,549	3,478	754	19	<b>83,505</b>
- Inter-segment	13	5	8	15	(41)	<b>–</b>
<b>EBITDA</b>	<b>25,393</b>	<b>4,622</b>	<b>1,345</b>	<b>911</b>	<b>755</b>	<b>33,026</b>
<b>Capital expenditures*</b>	<b>22,052</b>	<b>1,745</b>	<b>345</b>	<b>195</b>	<b>–</b>	<b>24,337</b>
<b>Reversal of impairment loss / impairment (loss)</b>	<b>182</b>	<b>(11)</b>	<b>–</b>	<b>(199)</b>	<b>–</b>	<b>(28)</b>

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

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

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	122,880	17,878	6,825	1,493	(26)	<b>149,050</b>
including:						
- Mobile	103,150	16,372	6,792	1,492	(11)	<b>127,795</b>
- Fixed	19,730	1,506	33	1	(15)	<b>21,255</b>
Sale of equipment and accessories	14,337	480	–	–	–	<b>14,817</b>
Other revenue	624	74	12	14	(12)	<b>712</b>
<b>Total operating revenue</b>	<b>137,841</b>	<b>18,432</b>	<b>6,837</b>	<b>1,507</b>	<b>(38)</b>	<b>164,579</b>
- External customers	137,809	18,425	6,824	1,480	41	<b>164,579</b>
- Inter-segment	32	7	13	27	(79)	<b>–</b>
<b>EBITDA</b>	<b>50,921</b>	<b>8,838</b>	<b>3,005</b>	<b>1,101</b>	<b>698</b>	<b>64,563</b>
<b>Capital expenditures*</b>	<b>37,134</b>	<b>3,192</b>	<b>1,011</b>	<b>304</b>	<b>–</b>	<b>41,641</b>
<b>Reversal of impairment loss / impairment (loss)</b>	<b>90</b>	<b>6</b>	<b>–</b>	<b>(207)</b>	<b>–</b>	<b>(111)</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 2021 and for the three and six months ended 30 June 2021

(All amounts in millions of Rubles unless otherwise stated)

2. Segment information (continued)

Information by reportable segments for the three months ended 30 June 2020

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	60,646	7,466	3,453	1,864	(64)	<b>73,365</b>
including:						
- Mobile	51,426	6,850	3,433	1,415	(24)	<b>63,100</b>
- Fixed	9,220	616	20	449	(40)	<b>10,265</b>
Sale of equipment and accessories	4,863	60	1	64	–	<b>4,988</b>
Other revenue	127	3	4	10	(7)	<b>137</b>
<b>Total operating revenue</b>	<b>65,636</b>	<b>7,529</b>	<b>3,458</b>	<b>1,938</b>	<b>(71)</b>	<b>78,490</b>
- External customers	65,586	7,528	3,453	1,899	24	<b>78,490</b>
- Inter-segment	50	1	5	39	(95)	<b>–</b>
<b>EBITDA</b>	<b>24,830</b>	<b>3,747</b>	<b>346</b>	<b>610</b>	<b>(166)</b>	<b>29,367</b>
<b>Capital expenditures*</b>	<b>18,355</b>	<b>1,750</b>	<b>1,564</b>	<b>797</b>	<b>(16)</b>	<b>22,450</b>
<b>Reversal of impairment loss / impairment (loss)</b>	<b>27</b>	<b>(20)</b>	<b>–</b>	<b>(7)</b>	<b>–</b>	<b>–</b>

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

Information by reportable segments for the six months ended 30 June 2020

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	122,275	14,719	7,061	4,212	(176)	<b>148,091</b>
including:						
- Mobile	103,943	13,542	7,019	3,348	(74)	<b>127,778</b>
- Fixed	18,332	1,177	42	864	(102)	<b>20,313</b>
Sale of equipment and accessories	10,370	117	3	135	–	<b>10,625</b>
Other revenue	571	70	25	24	(17)	<b>673</b>
<b>Total operating revenue</b>	<b>133,216</b>	<b>14,906</b>	<b>7,089</b>	<b>4,371</b>	<b>(193)</b>	<b>159,389</b>
- External customers	133,096	14,901	7,074	4,266	52	<b>159,389</b>
- Inter-segment	120	5	15	105	(245)	<b>–</b>
<b>EBITDA</b>	<b>52,125</b>	<b>7,390</b>	<b>2,033</b>	<b>1,447</b>	<b>(587)</b>	<b>62,408</b>
<b>Capital expenditures*</b>	<b>30,008</b>	<b>4,607</b>	<b>1,920</b>	<b>1,547</b>	<b>(16)</b>	<b>38,066</b>
<b>Reversal of impairment loss / impairment (loss)</b>	<b>81</b>	<b>(4)</b>	<b>–</b>	<b>(9)</b>	<b>–</b>	<b>68</b>

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

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### Notes to the unaudited interim condensed consolidated financial statements as of 30 June 2021 and for the three and six months ended 30 June 2021

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#### 2. Segment information (continued)

The following table provides the reconciliation of consolidated EBITDA to consolidated profit for the three and six months ended 30 June 2021 and 30 June 2020:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
<b>EBITDA</b>	<b>33,026</b>	29,367	<b>64,563</b>	62,408
Depreciation	(18,745)	(18,048)	(37,652)	(35,986)
Amortization	(2,677)	(2,999)	(5,191)	(5,929)
Impairment (loss) / reversal of impairment loss	(28)	–	(111)	68
Loss on disposal of non-current assets	(252)	(258)	(628)	(510)
Finance costs	(5,107)	(6,382)	(10,700)	(13,165)
Finance income	480	869	949	1,967
Other non-operating gain / (loss) /, net	112	(2,304)	305	1,675
Net foreign exchange gain / (loss), net	108	2,750	614	(5,643)
Income tax expense	(1,419)	(1,599)	(3,490)	(2,822)
<b>Profit for the period</b>	<b>5,498</b>	1,396	<b>8,659</b>	2,063

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

Selling, general and administrative expenses for the three and six months ended 30 June 2021 and 30 June 2020 consisted of the following:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Personnel costs	9,054	8,290	18,058	16,542
Network and IT costs	5,775	6,107	11,481	12,165
Customer associated costs	4,998	5,153	9,528	10,099
Taxes other than income tax	1,891	2,517	3,192	4,067
Services costs and variable part of the other lease payments	1,078	1,044	2,117	2,109
Consulting and professional service costs	522	579	956	1,331
Losses on receivables	553	852	650	1,956
Other general and administrative expenses	1,044	878	2,226	1,885
<b>Total</b>	<b>24,915</b>	25,420	<b>48,209</b>	50,154

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

Other non-operating gain / (loss), net for the three and six months ended 30 June 2021 and 30 June 2020 consisted of the following:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Other gain / (loss), net	112	20	305	(1)
Changes in the fair value of non-hedge derivatives*	–	(2,324)	–	1,676
<b>Total other non-operating gain / (loss), net</b>	<b>112</b>	<b>(2,304)</b>	<b>305</b>	<b>1,675</b>

\* Changes in the fair value of non-hedge derivatives related to derivative transactions entered into by the Company to protect its USD cash outflows from adverse changes in the USD/RUB exchange rate.

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(All amounts in millions of Rubles unless otherwise stated)

#### 5. Income taxes

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

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 consisted of the following for the three and six months ended 30 June 2021 and 30 June 2020:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
<b>Profit before tax</b>	<b>6,917</b>	2,995	<b>12,149</b>	4,885
Current income tax	(770)	(2,981)	(2,991)	(3,836)
Deferred income tax	(649)	1,382	(499)	1,014
<b>Income tax expense reported in the interim consolidated income statement</b>	<b>(1,419)</b>	(1,599)	<b>(3,490)</b>	(2,822)
<b>Effective tax rates</b>	<b>21%</b>	53%	<b>29%</b>	58%

The difference between the statutory tax rate of 20% in Russia and the effective corporate income tax rate of 21% 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 of 29% 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.

The difference between the statutory tax rate of 20% in Russia and the effective corporate income tax rate of 53% for the Group in the three-month period ending 30 June 2020 was primarily driven by non-deductible loss on changes in fair value of foreign exchange contracts (non-hedge derivatives) and non-deductible expenses, including non-deductible expense accrued in Uzbekistan amounting to equivalent of RUB 1,108.

The difference between the statutory tax rate of 20% in Russia and the effective corporate income tax rate of 58% for the Group in the six-month period ending 30 June 2020 was primarily driven by loss in Georgia amounting to RUB 3,437 (Note 10) affecting profit before tax (no deferred tax was recognized on the loss due to no recoverability) and non-deductible expenses, including non-deductible expense accrued in Uzbekistan amounting to equivalent of RUB 1,108.

#### 6. Inventories

Inventories consisted of the following items as of 30 June 2021 and 31 December 2020:

	30 June 2021	31 December 2020
Telephone handsets and accessories for sale	8,300	7,683
SIM-Cards	506	373
Other inventories	190	173
Obsolescence allowance	(1,020)	(911)
<b>Total</b>	<b>7,976</b>	<b>7,318</b>

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(All amounts in millions of Rubles unless otherwise stated)

**7. Other assets and liabilities**

Other assets consisted of the following items as of 30 June 2021 and 31 December 2020:

	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Other non-current assets</b>		
Customer acquisition costs	1,983	2,086
Deferred costs related to connection fees	50	13
Other non-current assets	125	29
<b>Total other non-current assets</b>	<b>2,158</b>	<b>2,128</b>
<b>Other current assets</b>		
Input value added tax	7,394	7,351
Advances to suppliers	3,957	3,612
Prepaid taxes	922	871
Deferred costs related to connection fees	514	101
Other current assets	143	132
<b>Total other current assets</b>	<b>12,930</b>	<b>12,067</b>

Other liabilities consisted of the following items as of 30 June 2021 and 31 December 2020:

	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Other non-current liabilities</b>		
Long-term deferred revenue	145	171
Other non-current liabilities	439	315
<b>Total other non-current liabilities</b>	<b>584</b>	<b>486</b>
<b>Other current liabilities</b>		
Taxes payable (non-income tax)	6,410	4,244
Amounts due to employees	4,348	4,204
Short-term deferred revenue	2,438	2,444
Customer advances	2,413	2,866
Other liabilities	409	–
<b>Total other current liabilities</b>	<b>16,018</b>	<b>13,758</b>

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(All amounts in millions of Rubles unless otherwise stated)

#### Investing activities of the Group

#### 8. Property and equipment

During the six months ended 30 June 2021 and 30 June 2020, the Company had the following changes in property and equipment:

	Note	Six months ended 30 June	
		2021	2020
<b>Net book value as of 1 January</b>		<b>298,938</b>	278,147
Additions*		52,560	35,102
Net book value of assets disposed		(932)	(1,073)
Transactions under common control (including business combinations under common control)	10	2,714	(2,013)
Depreciation charge		(37,652)	(35,986)
(Impairment) / reversal of impairment		(149)	68
Translation adjustment		(1,295)	2,060
Assets classified as assets held for sale		(17)	–
Reclassification from assets held for sale		–	11
Other changes		–	(199)
<b>Net book value as of 30 June</b>		<b>314,167</b>	276,117

\* Including additions of right-of-use assets in the amount of RUB 15,315 (2020: RUB 3,454) of which RUB 3,701 (2020: RUB nil) relates to lease term reassessment and RUB 2,876 (2020: RUB 957) modifications (Note 16); additions of telecommunication equipment in the amount of RUB 27,579 (2020: RUB 21,156); additions of office and other equipment in the amount of RUB 6,054 (2020: RUB 2,948); additions of equipment not installed and assets under construction in the amount of RUB 2,910 (2020: RUB 7,550); additions of land, buildings and constructions in the amount of RUB 702 (2020: RUB (6)).

#### 9. Intangible assets

During the six months ended 30 June 2021 and 30 June 2020, the Company had the following changes in intangible assets:

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Other intangible assets	Goodwill	Total intangible assets	Other intangible assets	Goodwill	Total intangible assets
<b>Net book value as of 1 January</b>	<b>26,565</b>	<b>89,209</b>	<b>115,774</b>	26,815	93,216	120,031
Additions	4,396	–	4,396	6,418	–	6,418
Transactions under common control (including business combinations under common control) (Note 10)	498	–	498	(373)	–	(373)
Acquisition of subsidiaries	–	30	30	–	–	–
Amortization charge	(5,191)	–	(5,191)	(5,929)	–	(5,929)
Impairment	(37)	–	(37)	–	–	–
Translation adjustment	(187)	(200)	(387)	409	336	745
Other changes	(811)	–	(811)	206	–	206
<b>Net book value as of 30 June</b>	<b>25,233</b>	<b>89,039</b>	<b>114,272</b>	27,546	93,552	121,098

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 2021:

	Russia	Kazakhstan	Uzbekistan	Total
<b>31 December 2020</b>	<b>83,551</b>	<b>4,361</b>	<b>1,297</b>	<b>89,209</b>
Acquisition of subsidiaries	30	–	–	30
Currency translation adjustment	–	(159)	(41)	(200)
<b>30 June 2021</b>	<b>83,581</b>	<b>4,202</b>	<b>1,256</b>	<b>89,039</b>

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#### **9. Intangible assets (continued)**

##### **Impairment analysis**

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may be impaired. When reviewing for indicators of impairment in interim periods, the Company considers, among others, the relationship between market capitalization of VEON Ltd. and its book value, as well as weighted average cost of capital and the quarterly financial performances of each cash-generating unit (“CGU”). There were no such indicators identified in the first half of 2021.

The Company performed its annual impairment testing as of 30 September 2020. For further details regarding calculations and assumptions used for impairment testing, refer to the Group’s audited annual consolidated financial statements as of and for the year ended 31 December 2020.

#### **10. Transactions under common control**

On 15 February 2021, PJSC “VimpelCom” completed the acquisition from VEON Holdings B.V. 79.8% shares in Golden Telecom, Inc. (14.078% of voting rights) for a consideration of USD 1 (the equivalent of RUB nil). After the transfer of ownership to PJSC “VimpelCom” for the indicated shares, PJSC “VimpelCom” became the only shareholder in Golden Telecom Inc. (100% shares and 100% of voting rights). This transaction represents a purchase of non-controlling interests without a change of control. Consequently, the difference between the carrying value of non-controlling interests (the relevant share acquired of the carrying value of net assets of the subsidiary) as of 15 February 2021 (positive value of RUB 31,027) and the cost of acquisition (USD 1 (the equivalent of RUB nil)) recorded directly within “Other capital reserves” in the consolidated statement of changes in equity (gain of RUB 31,027).

On 10 March 2021, Golden Telecom Inc. (a subsidiary of the PJSC “VimpelCom”) was liquidated. The assets of the above entity comprising the investments in its own subsidiaries were distributed to the shareholder (PJSC “VimpelCom”). The distribution of the remaining assets will be deferred and might take significant time.

#### **Business combination under common control**

On 31 March 2021, PJSC “VimpelCom” entered into a sale and purchase agreement for the acquisition of a 100% stake in LLC “Sovintel Group” (the “Agreement”) which, in turn, owned 54% shares in JSC “Raskom” (an operating company in Russia), 100% stake in LLC “Kubtelecom” (an operating company in Russia), 68.4% stake in JSC “Cubintersvyaz” (an operating company in Russia) and 99.2% stake in LLC “Sakhalin Telecom” (an operating company in Russia). Under the Agreement, on 31 March 2020, Bardym Enterprises Ltd. (related party of the Group) transferred the 100% stake in LLC “Sovintel Group” to PJSC “VimpelCom” in exchange for a purchase consideration of USD 235 million (the equivalent of RUB 17,790 as of 31 March 2021 and RUB 18,277 as of 8 April 2021 at the exchange rates provided by the Central Bank of Russia). Ownership of the 100% stake in LLC “Sovintel Group” passed to PJSC “VimpelCom” on 8 April 2021. On 12 May 2021, PJSC “VimpelCom” and Bardym Enterprises Ltd. agreed that the outstanding consideration of USD 235 million under the Agreement shall be deemed to be a loan.



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#### 10. Transactions under common control (continued)

##### Business combination under common control (continued)

The effect of the acquisition is detailed below:

	<u>Note</u>	<u>Amount</u>
<b>Consideration payable as of 8 April 2021 (USD 235 million)</b>		<b>(18,277)</b>
<b>Recognition of assets:</b>		
- Property and equipment		2,714
- Intangible assets		498
- Trade and other receivables due from other companies		179
- Other assets		589
- Cash and cash equivalents		431
		<u>4,411</u>
<b>Recognition of liabilities:</b>		
- Lease liabilities		(878)
- Trade and other payables due to other companies		(243)
- Other liabilities		(598)
		<u>(1,719)</u>
<b>Settlement of pre-existing relationship:</b>		
- Trade and other receivables due from PJSC “VimpelCom”		1,016
- Loans granted to PJSC “VimpelCom”, principal amount	13	12,764
- Loans granted to PJSC “VimpelCom”, interest receivable		1,753
- Trade and other payables due to PJSC “VimpelCom”		(117)
		<u>15,416</u>
Recognition of non-controlling interests		<u>(1,029)</u>
<b>Effect of the acquisition</b>		<b><u>(1,198)</u></b>

For business combination under common control a predecessor accounting method is applied by the Company. The following principles of predecessor accounting are used by the Company: assets and liabilities of the acquired entities are stated at predecessor carrying values, fair value measurement is not required, no new goodwill arises in predecessor accounting, any difference between the consideration given or payable and the net carrying value of the assets and liabilities of the acquired entities at the date of the transaction is included in equity. The acquired entities' results and balances are incorporated in the Group's consolidated financial statements prospectively from the date on which the business combination between entities under common control occurred.

##### Reorganization of PJSC “VimpelCom”

On 27 May 2021, in the Extraordinary General Meeting of Shareholders of PJSC “VimpelCom” the decision was taken to reorganize PJSC “VimpelCom” by spin-off a new company LLC “VEON UZB”. The reorganization process in the form of a spin-off will proceed in the manner and subject to the requirements of Russian legislation and will take some time. PJSC “VimpelCom” will be considered to have been reorganized from the moment of state registration of LLC “VEON UZB”. As of 30 June 2021, LLC “VEON UZB” was not established (was not registered). The participation interests in the charter capital of the spin-off LLC “VEON UZB” will be allocated among the shareholders of PJSC “VimpelCom”. LLC “VEON UZB” to be created as a result of the spin-off will receive 100% shares in Silkway Holding B.V. (the subsidiary of PJSC “VimpelCom”) and 100% shares in Freevale Enterprises Inc. (the subsidiary of PJSC “VimpelCom”). Silkway Holding B.V. and Freevale Enterprises Inc., in turn, jointly own 100% stake in LLC “Unitel” (an operating company in Uzbekistan). This reorganization relates to an internal restructuring process of the VEON Group only, so that the Uzbekistan assets previously held by PJSC “VimpelCom” Group will instead be held by the main holding company in the VEON Group. As of 30 June 2021, the total net assets of Silkway Holding B.V., Freevale Enterprises Inc. and LLC “Unitel” amounted to RUB 11,923 (after intra-group elimination).

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#### 10. Transactions under common control (continued)

##### Reorganization of PJSC “VimpelCom” (continued)

The company considered the need to classify the assets and liabilities of Silkway Holding B.V., Freevale Enterprises Inc. and LLC “Unitel” as held for distribution to owners in accordance with the requirements of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” and concluded that as of 30 June 2021, the assets and liabilities of the above companies were not meet the criteria for classification as held for distribution to owners due to the fact that, as at 30 June 2021, the assets and liabilities of the above companies were not available for immediate distribution in their present condition.

#### Financing activities of the Group

#### 11. Financial assets and liabilities

The loans and other financial assets consisted of the following items as of 30 June 2021 and 31 December 2020:

	Note	30 June 2021	31 December 2020
<b>Loans and other financial assets</b>			
<b>At amortized cost</b>			
- Loans granted to related parties, principal amount	13	50,422	57,776
- Loans granted to related parties, interest receivable		656	221
Loans granted to related parties		<u>51,078</u>	<u>57,997</u>
Loans granted to owners of the non-controlling interests	15	1,939	1,975
Other receivables due from related parties		855	–
Other financial assets		686	869
<b>Total loans and other financial assets</b>		<u><b>54,558</b></u>	<u><b>60,841</b></u>
- Non-current		27,827	27,121
- Current		<u>26,731</u>	<u>33,720</u>

The debt and other financial liabilities consisted of the following items as of 30 June 2021 and 31 December 2020:

	Note	30 June 2021	31 December 2020
<b>Debt and other financial liabilities</b>			
<b>At amortized cost</b>			
- Loans payables to related parties, principal amount	13	173,599	142,318
- Loans payables to related parties, interest payable		754	2,275
Loans payables to related parties		<u>174,353</u>	<u>144,593</u>
- Bonds, principal amount		701	20,057
- Bonds, interest payable		10	631
- Unamortised fees on bonds		–	(10)
Bonds		<u>711</u>	<u>20,678</u>
- Bank loans, principal amount		1,692	886
- Bank loans, interest payable		6	5
Bank loans		<u>1,698</u>	<u>891</u>
Lease liabilities		102,854	95,091
Other financial liabilities		33	96
<b>Total debt and other financial liabilities</b>		<u><b>279,649</b></u>	<u><b>261,349</b></u>
- Non-current		259,036	223,008
- Current		<u>20,613</u>	<u>38,341</u>

There were no significant changes in financial assets and liabilities during the six-month period ended 30 June 2021 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 2020.

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

##### Bonds

The Company had the following principal amounts outstanding for bonds as of 30 June 2021 and 31 December 2020:

Borrower	Type of bonds	Interest		Currency	30 June	31 December
		rate	Maturity		2021	2020
PJSC “VimpelCom”	Ruble bonds	5.55%	2025	RUB	488	488
PJSC “VimpelCom”	Ruble bonds	6.20%	2022	RUB	213	213
PJSC “VimpelCom”, via “VIP Finance Ireland”	Eurobonds	7.75%	2021	USD	–	19,356
<b>Total bonds, principal amount</b>					<b>701</b>	<b>20,057</b>
- Non-current portion					488	701
- Current portion					213	19,356

On 2 February 2021 PJSC “VimpelCom” fully repaid 7.748% Loan Participation Notes (Eurobonds), issued via “VIP Finance Ireland” in the amount of USD 262 million (the equivalent of RUB 19,782 as of 2 February 2021 at the exchange rate provided by the Central Bank of Russia) and USD 10 million (the equivalent of RUB 755 as of 2 February 2021 at the exchange rate provided by the Central Bank of Russia) of accrued interest.

##### Bank loans

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 related parties and loans received from related parties

Significant changes in financial assets and liabilities during the six-month period ended 30 June 2021 also related to 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 13.

##### Fair values

As of 30 June 2021, 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, principal amount, for which fair value is equal to RUB 171,701 (31 December 2020: RUB 143,800);
- bonds, principal amount, for which fair value is equal to RUB 701 (31 December 2020: RUB 20,239);
- bank loans, principal amount, for which fair value is equal to RUB 1,879 (31 December 2020: RUB 994);
- 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.

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

##### Fair values (continued)

As of 30 June 2021 and 31 December 2020, 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 2021 there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

#### 12. Cash and cash equivalents

Cash and cash equivalents consisted of the following items as of 30 June 2021 and 31 December 2020:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Cash and cash equivalents at banks and on hand	<b>13,945</b>	9,259
Short-term deposits with an original maturity of less than three months	<b>5,414</b>	3,043
<b>Total cash and cash equivalents</b>	<b>19,359</b>	12,302

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 2021 and 31 December 2020, there were no restricted cash and cash equivalent balances.

##### Additional information

#### 13. Related parties

As of 30 June 2021 and 31 December 2020, PJSC “VimpelCom” was a wholly-owned indirect subsidiary of VEON Ltd. As of 30 June 2021 and 31 December 2020, 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.

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**13. Related parties (continued)**

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	
	2021	2020	2021	2020
Revenue from VEON Ltd. and its subsidiaries:				
- Revenue from Teta Telecom and its subsidiaries	397	336	782	668
- Revenue from Kyivstar	114	59	230	122
- Revenue from VEON Ltd. and its other subsidiaries	148	154	355	299
Other operating income from VEON Ltd. and its subsidiaries <sup>1</sup>	1,413	–	1,413	–
	<b>2,072</b>	549	<b>2,780</b>	1,089
Services from VEON Ltd. and its subsidiaries:				
- Services from Teta Telecom and its subsidiaries	916	907	1,820	1,733
- Services from Kyivstar	168	120	350	232
- Services from VEON Ltd. and its other subsidiaries	1,419	1,445	3,026	3,054
	<b>2,503</b>	2,472	<b>5,196</b>	5,019
Finance income from VEON Ltd. and its subsidiaries	369	614	783	1,448
Finance costs from VEON Ltd. and its subsidiaries <sup>2</sup>	3,315	4,271	6,427	8,979
Other gain / (loss) from VEON Ltd. and its subsidiaries, net	14	(1)	15	1

<sup>1</sup> Increase in other operating income from VEON Ltd. and its other subsidiaries for the three and six months ended 30 June 2021 compared to the same period in 2020 was related to the reversal of consulting and professional services costs which were reflected in the line “Other operating income” of the interim consolidated income statement for the three and six months ended 30 June 2021;

<sup>2</sup> Decrease in finance costs from VEON Ltd. and its subsidiaries for the three and six months ended 30 June 2021 compared to the same period in 2020 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.

	As of 30 June 2021	As of 31 December 2020
Accounts receivable from VEON Ltd. and its subsidiaries:		
- Accounts receivable from Teta Telecom and its subsidiaries	542	597
- Accounts receivable from Kyivstar	67	61
- Accounts receivable from VEON Ltd. and its other subsidiaries	1,186	482
Accounts receivable from other related parties	5	4
	<b>1,800</b>	1,144
Accounts payable to VEON Ltd. and its subsidiaries:		
- Accounts payable to Teta Telecom and its subsidiaries	315	198
- Accounts payable to Kyivstar	67	88
- Accounts payable to VEON Ltd. and its other subsidiaries <sup>1</sup>	11,047	19,367
Accounts payable to other related parties	3	–
	<b>11,432</b>	19,653
Loans granted to VEON Ltd. and its subsidiaries	50,422	57,776
Interest receivable from VEON Ltd. and its subsidiaries	656	221
Loans received from VEON Ltd. and its subsidiaries	173,599	142,318
Interest payable to VEON Ltd. and its subsidiaries	754	2,275

<sup>1</sup> Decrease in accounts payable to VEON Ltd. and its other subsidiaries as of 30 June 2021 compared to accounts payable to VEON Ltd. and its other subsidiaries as of 31 December 2020 was mainly associated with the repayment of accounts payable and reversal of consulting and professional service costs which were reflected in the line “Other operating income” of the interim consolidated income statement for the three and six months ended 30 June 2021.

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#### 13. Related parties (continued)

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

As of 30 June 2021 and 31 December 2020, 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 2021	31 December 2020
Golden Telecom Inc. (Note 10)	VEON Holdings B.V.	27 Oct. 2020	Oct. 2024	3.0%	USD	26,054	26,595
Golden Telecom Inc. (Note 10)	VEON Holdings B.V.	31 Jan. 2018	On demand	LIBOR+0.70%	USD	10,407	10,579
PJSC “VimpelCom” <sup>1</sup>	VEON Holdings B.V.	13 Dec. 2017	< 3 months	5.11-5.65%	RUB / USD	7,464	13,964
VIP Kazakhstan Holding AG <sup>2</sup>	VEON Holdings B.V.	21 Dec. 2020	Dec. 2021	3.0%	USD	5,296	5,407
Clafdor Investments Ltd.	VEON Micro Holdings B.V.	4 Jun. 2018	On demand	LIBOR+0.60%	USD	766	781
KaR-Tel, LLP	TNS-Plus	2007-2011	2020–2021	9.46%	KZT	374	388
VEON Eurasia S.à r.l. <sup>3</sup>	VEON Holdings B.V.	31 Mar. 2017	On demand	LIBOR+0.65%	USD	61	62
<b>Total</b>						<b>50,422</b>	<b>57,776</b>

<sup>1</sup> For the six months ended 30 June 2021, VEON Holdings B.V. repaid the equivalent of RUB 6,500 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia). In July and August 2021, PJSC “VimpelCom” provided VEON Holdings B.V. with the equivalent of RUB 5,250 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia);

<sup>2</sup> On 3 August 2021, VEON Holdings B.V. fully early repaid the principal amount of USD 73.2 million (the equivalent of RUB 5,345 as of 3 August 2021 at the exchange rate provided by the Central Bank of Russia) and interest in the amount of USD 1.4 million (the equivalent of RUB 102 as of 3 August 2021 at the exchange rate provided by the Central Bank of Russia);

<sup>3</sup> On 26 August 2021, VEON Holdings B.V. fully repaid the principal amount and interest in the total amount of USD 0.84 million (the equivalent of RUB 62 as of 26 August 2021 at the exchange rate provided by the Central Bank of Russia).

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

As of 30 June 2021 and 31 December 2020, 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 2021	31 December 2020
VEON Holdings B.V.	PJSC “VimpelCom”	19 Aug. 2020	Aug., 2024	8.75%	RUB	40,100	40,100
VEON Holdings B.V.	PJSC “VimpelCom”	14 Aug. 2020	Aug., 2024	8.75%	RUB	35,000	35,000
VEON Holdings B.V.	PJSC “VimpelCom”	14 Aug. 2020	Aug., 2023	8.50%	RUB	30,000	30,000
VEON Holdings B.V. <sup>1</sup>	PJSC “VimpelCom”	17 Dec. 2020	Dec., 2024	8.75%	RUB	27,037	–
Bardym Enterprises Ltd. <sup>2</sup>	PJSC “VimpelCom”	12 May 2021	May, 2024	3.00%	USD	17,008	–
VEON Holdings B.V. <sup>3</sup>	PJSC “VimpelCom”	11 Oct. 2017	Oct., 2022	125% of the key rate	RUB	15,000	15,000
VEON Holdings B.V. <sup>3</sup>	PJSC “VimpelCom”	9 Aug. 2017	Aug., 2022	125% of the key rate	RUB	9,454	9,454
Sovintel Group, LLC <sup>2</sup>	PJSC “VimpelCom”	23 Nov. 2009	Nov., 2022	1.00%	RUB	–	10,454
Kubtelecom, LLC <sup>2</sup>	PJSC “VimpelCom”	2 Aug. 2010	Aug., 2022	7.50%	RUB	–	2,310
<b>Total</b>						<b>173,599</b>	<b>142,318</b>

<sup>1</sup> On 17 December 2020, PJSC “VimpelCom” signed a credit facility agreement with VEON Holdings B.V. for the amount of RUB equivalent of USD 377 million (the equivalent of RUB 27,679 as of 17 December 2020 at the exchange rate provided by the Central Bank of Russia) with a maturity date of 17 December 2024 for general corporate purposes. The interest rate under the credit facility agreement is 8.75%. In January 2021 under facility agreement VEON Holdings B.V. provided PJSC “VimpelCom” with the equivalent of RUB 27,037 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia);

<sup>2</sup> On 31 March 2021, PJSC “VimpelCom” entered into a sale and purchase agreement for the acquisition of a 100% stake in LLC “Sovintel Group” which, in turn, owned 100% stake in LLC “Kubtelecom” and other subsidiaries. Under the sale and purchase agreement, on 31 March 2020, Bardym Enterprises Ltd. (related party of the Group) transferred the 100% stake in LLC “Sovintel Group” to PJSC “VimpelCom” in exchange for a purchase consideration of USD 235 million (Note 10). On 12 May 2021, PJSC “VimpelCom” and Bardym Enterprises Ltd. entered into facility agreement where it was agreed that the outstanding consideration of USD 235 million under the sale and purchase agreement shall be deemed to be a loan (the “Facility agreement”). On 5 July 2021, Bardym Enterprises Ltd. (the “Existing Lender”) notified PJSC “VimpelCom” (the “Borrower”) that, with effect from 5 July 2021, the Existing Lender has transferred by novation its rights and obligations under the USD 235 million Facility Agreement to VEON Holdings B.V.;

<sup>3</sup> On 19 February 2021, VEON Luxembourg Finance S.A. entered into deed of transfer in accordance with which, starting from 1 January 2021, all rights of claims under these loans were transferred from VEON Luxembourg Finance S.A. to VEON Holdings B.V.

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

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

Outstanding balances at period-end are unsecured, settlements occur in cash. During the six months ended 30 June 2021, 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 2020 and were disclosed in the notes to the respective annual consolidated financial statements. No triggering events under the existing guarantees (Note 14) in favor of related parties occurred. The Company believes that the probability of these events is remote.

As of 30 June 2021 and 31 December 2020, 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 2021 and 31 December 2020.

#### **14. 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 six-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 30 June 2021 and 31 December 2020, the outstanding principal amount under the notes was USD 417 million (the equivalent of RUB 30,179 as of 30 June 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. No triggering events under the guarantee occurred. The Company believes that probability of these events is remote.

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

##### **Dividends**

On 30 July 2021, VIP Kazakhstan Holding AG, a subsidiary of the Company, declared dividends. The portion of dividends attributable to owners of the non-controlling interests amounted to USD 26.75 million (the equivalent of RUB 1,958 as of 30 July 2021 at the exchange rate provided by the Central Bank of Russia) and was fully set-off against the loans previously granted to owners of the non-controlling interests (Note 11).

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

On 2 August 2021, PJSC “VimpelCom” signed a credit facility agreement with VEON Holdings B.V. for the amount of USD 250 million (the equivalent of RUB 18 285 as of 2 August 2021 at the exchange rate provided by the Central Bank of Russia) for general corporate purposes with a maturity date of every separate tranche less than 3 months from the utilization date. An interest rate for every separate tranche determined by the formula “Bloomberg Screen USDR CMPN + Margin 0.72%” per annum. In August 2021, PJSC “VimpelCom” provided VEON Holdings B.V. with USD 84.8 million (the equivalent of RUB 6 274 million as of the date of each transaction at the exchange rate provided by the Central Bank of Russia).

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#### **15. Events after the reporting period (continued)**

##### **Loans granted and loans received (continued)**

On 9 August 2021, PJSC “VimpelCom” signed a credit facility agreement with VEON Holdings B.V. for the amount of RUB 2,290 with a maturity date of 9 August 2024 for general corporate purposes. The interest rate under the credit facility agreement is 8.75%. In August 2021 under facility agreement VEON Holdings B.V. provided PJSC “VimpelCom” RUB 800.

Significant changes in financial assets and liabilities after the reporting period related to loans granted to related parties and loans received from related parties were also described in Note 13.

#### **16. 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 2020, 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 statements 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.

The Company continuously assesses whether a revision of lease terms is required due to a change in management judgment regarding, for example, the exercise of extension and/or termination options (Note 8). VimpelCom's determination of the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

##### **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 2020.

A number of new and amended standards became effective as of 1 January 2021, 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.