

Unaudited interim condensed  
consolidated financial statements

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

as of 30 September 2020 and  
for the three and nine months ended 30 September 2020

# Public Joint Stock Company “Vimpel-Communications”

## Unaudited interim condensed consolidated financial statements as of 30 September 2020 and for the three and nine months ended 30 September 2020

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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 September 2020 and the related interim consolidated income statements and statements of comprehensive income for the three and nine-month periods then ended, changes in equity and cash flows for the nine-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".

18 November 2020  
Moscow, Russian Federation

E.V. Klimenko, certified auditor (licence no. 01-000057), AO PricewaterhouseCoopers Audit

Audited entity: Public Joint Stock Company Vimpel-Communications

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

Taxpayer Identification Number 7713076301

Address: 10 bld 14 8th Marta, Moscow, Russian Federation, 127083

Independent auditor: AO PricewaterhouseCoopers Audit

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

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association "Sodruzhestvo"

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

Public Joint Stock Company “Vimpel-Communications”

Interim consolidated income statement  
for the three and nine months ended 30 September 2020  
(All amounts in millions of Rubles)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Service revenue		75,596	80,924	223,687	236,404
Sale of equipment and accessories		7,657	7,699	18,282	20,488
Other revenue		356	283	1,029	3,526
<b>Total operating revenue</b>	2	<b>83,609</b>	88,906	<b>242,998</b>	260,418
Other operating income		105	–	235	–
Service costs		(19,776)	(18,355)	(55,983)	(53,536)
Cost of equipment and accessories		(6,999)	(7,398)	(17,749)	(20,270)
Selling, general and administrative expenses (including impairment loss on financial assets)	3	(24,398)	(24,377)	(74,552)	(72,737)
Depreciation	9	(18,153)	(17,571)	(54,139)	(53,048)
Amortization	10	(3,005)	(2,756)	(8,934)	(7,857)
Impairment loss	4	(10,479)	(5,823)	(10,411)	(6,284)
Loss on disposal of non-current assets		(211)	(778)	(721)	(1,597)
<b>Operating profit</b>		<b>693</b>	11,848	<b>20,744</b>	45,089
Finance costs		(5,486)	(7,107)	(18,651)	(21,033)
Finance income		330	930	2,297	2,682
Foreign exchange loss, net		(3,184)	(965)	(8,827)	(1,173)
Other non-operating gain / (loss), net	5	148	265	1,823	(2,724)
<b>(Loss) / profit before tax</b>		<b>(7,499)</b>	4,971	<b>(2,614)</b>	22,841
Income tax expense	6	(588)	(3,037)	(3,410)	(7,441)
<b>(Loss) / profit for the period</b>		<b>(8,087)</b>	1,934	<b>(6,024)</b>	15,400
<b>Attributable to:</b>					
The owners of the Company		(5,519)	4,885	(2,486)	18,137
Non-controlling interests		(2,568)	(2,951)	(3,538)	(2,737)
		<b>(8,087)</b>	1,934	<b>(6,024)</b>	15,400

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 nine months ended 30 September 2020

(All amounts in millions of Rubles)

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<b>(Loss) / profit for the period</b>	<b>(8,087)</b>	1,934	<b>(6,024)</b>	15,400
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences arising on net investment in foreign operations	5,474	(163)	8,094	(3,662)
Income tax effect	-	-	-	149
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>5,474</b>	(163)	<b>8,094</b>	(3,513)
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>(2,613)</b>	1,771	<b>2,070</b>	11,887
<b>Attributable to:</b>				
The owners of the Company	(1,161)	4,458	4,420	13,541
Non-controlling interests	(1,452)	(2,687)	(2,350)	(1,654)
	<b>(2,613)</b>	1,771	<b>2,070</b>	11,887

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 September 2020  
(All amounts in millions of Rubles)

		30 September 2020	31 December 2019
	Note	(unaudited)	
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	9	279,452	278,147
Intangible assets	10	116,960	120,031
Deferred income tax assets		1,056	1,169
Loans, derivatives and other financial assets	12	392	868
Other non-current assets	8	2,132	1,888
<b>Total non-current assets</b>		<b>399,992</b>	<b>402,103</b>
<b>Current assets</b>			
Inventories	7	6,855	9,756
Trade and other receivables		20,356	23,634
Other current assets	8	9,638	11,146
Current income tax assets		1,053	558
Loans, derivatives and other financial assets	12	28,779	51,786
Cash and cash equivalents	13	25,649	31,498
<b>Total current assets</b>		<b>92,330</b>	<b>128,378</b>
<b>Assets classified as held for sale</b>		<b>11</b>	<b>22</b>
<b>Total assets</b>		<b>492,333</b>	<b>530,503</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity owners of the Company		136,647	138,330
Non-controlling interests	11	10,565	(266)
<b>Total equity</b>		<b>147,212</b>	<b>138,064</b>
<b>Non-current liabilities</b>			
Trade and other payables		2,192	728
Debt, derivatives and other financial liabilities	12	196,629	247,280
Provisions		4,327	4,556
Deferred income tax liabilities		4,258	5,269
Other non-current liabilities	8	516	647
<b>Total non-current liabilities</b>		<b>207,922</b>	<b>258,480</b>
<b>Current liabilities</b>			
Trade and other payables		79,078	77,069
Debt, derivatives and other financial liabilities	12	39,803	41,383
Provisions		2,599	1,021
Current income tax payables		426	1,769
Other current liabilities	8	15,293	12,717
<b>Total current liabilities</b>		<b>137,199</b>	<b>133,959</b>
<b>Total equity and liabilities</b>		<b>492,333</b>	<b>530,503</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 nine months ended 30 September 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>
Loss for the period	–	–	–	(2,486)	–	(2,486)	(3,538)	(6,024)
Other comprehensive income / (loss)	–	–	–	–	6,906	6,906	1,188	8,094
<b>Total comprehensive income / (loss)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,486)</b>	<b>6,906</b>	<b>4,420</b>	<b>(2,350)</b>	<b>2,070</b>
Dividends declared	12	–	–	(20,000)	–	(20,000)	(170)	(20,170)
Transactions under common control	11	–	14,775	–	(878)	13,897	13,351	27,248
<b>As of 30 September 2020 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>52,233</b>	<b>100,108</b>	<b>(55,931)</b>	<b>136,647</b>	<b>10,565</b>	<b>147,212</b>

Interim consolidated statement of changes in equity  
for the nine months ended 30 September 2019

(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 2018</b>	<b>3</b>	<b>40,234</b>	<b>37,317</b>	<b>111,341</b>	<b>(55,132)</b>	<b>133,763</b>	<b>3,053</b>	<b>136,816</b>
Adjustments arising due to new accounting standards	–	–	–	(217)	–	(217)	–	(217)
<b>As of 1 January 2019</b>	<b>3</b>	<b>40,234</b>	<b>37,317</b>	<b>111,124</b>	<b>(55,132)</b>	<b>133,546</b>	<b>3,053</b>	<b>136,599</b>
Profit for the period	–	–	–	18,137	–	18,137	(2,737)	15,400
Other comprehensive income / (loss)	–	–	–	–	(4,596)	(4,596)	1,083	(3,513)
<b>Total comprehensive income / (loss)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>18,137</b>	<b>(4,596)</b>	<b>13,541</b>	<b>(1,654)</b>	<b>11,887</b>
Dividends declared	–	–	–	(8,000)	–	(8,000)	(1,824)	(9,824)
Acquisition of non-controlling interests	–	–	141	–	–	141	(497)	(356)
<b>As of 30 September 2019 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>37,458</b>	<b>121,261</b>	<b>(59,728)</b>	<b>139,228</b>	<b>(922)</b>	<b>138,306</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 nine months ended 30 September 2020

(All amounts in millions of Rubles)

	Note	Nine months ended 30 September	
		2020	2019
<b>Operating activities</b>			
(Loss) / profit for the period		(6,024)	15,400
Income tax expense	6	3,410	7,441
<b>(Loss) / profit before tax</b>		<b>(2,614)</b>	<b>22,841</b>
<b>Non-cash adjustments to reconcile profit before tax to net cash flows from operating activities:</b>			
Depreciation	9	54,139	53,048
Impairment loss	4	10,411	6,284
Amortization	10	8,934	7,857
Loss on disposal of non-current assets		721	1,597
Finance income		(2,297)	(2,682)
Finance costs		18,651	21,033
Other non-operating (gain) / loss, net	5	(1,823)	2,724
Foreign exchange loss, net		8,827	1,173
Changes in provisions and other movements		1,694	1,067
<b>Operating cash flows before working capital adjustments, interest and income taxes</b>		<b>96,643</b>	<b>114,942</b>
<b>Working capital adjustments</b>			
Decrease / (increase) in trade and other receivables		1,642	(3,025)
Decrease / (increase) in inventories		3,280	(1,219)
Increase / (decrease) / in trade and other payables		2,355	819
<b>Interest and income taxes</b>			
Interest paid		(17,649)	(20,198)
Interest received		2,195	1,750
Income tax paid		(6,395)	(7,116)
<b>Net cash flows from operating activities</b>		<b>82,071</b>	<b>85,953</b>
<b>Investing activities</b>			
Purchase of property, equipment and intangible assets		(57,831)	(50,227)
Proceeds from sale of property, equipment and intangible assets		344	459
Issue of loans		(47,950)	(50,371)
Repayment of loans issued		75,608	48,144
Inflows / (outflows) from investments in other financial assets		1,333	(1,214)
Inflows from deposits		2,286	1,075
Outflows from deposits		(2,665)	(942)
Acquisition of subsidiary net of cash acquired		(1,421)	–
Disposal of subsidiary net of cash received	11	(180)	–
<b>Net cash flows used in investing activities</b>		<b>(30,476)</b>	<b>(53,076)</b>
<b>Financing activities</b>			
Proceeds from borrowings	14	65,000	–
Repayment of borrowings	14	(95,459)	(7,722)
Repayment of lease liabilities		(11,187)	(11,950)
Dividends paid to equity holders	12	(20,000)	(8,000)
Dividends paid to non-controlling interests		(170)	(1,760)
Repayment associated with early debt redemption		–	(705)
Acquisition of non-controlling interest		–	(356)
<b>Net cash flows used in financing activities</b>		<b>(61,816)</b>	<b>(30,493)</b>
<b>Net change in cash and cash equivalents</b>		<b>(10,221)</b>	<b>2,384</b>
<b>Effect of exchange rate changes on cash and cash equivalents, net</b>		<b>4,372</b>	<b>(2,276)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>31,498</b>	<b>29,420</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>25,649</b>	<b>29,528</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 September 2020 and for the three and nine months ended 30 September 2020

*(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 September 2020, the Company operated telecommunications services in Russia, Kazakhstan, Uzbekistan, Armenia and Kyrgyzstan primarily under the “Beeline” brand name. In May 2020, VimpelCom completed the sale of its operations in Georgia (Note 11).

In September 2020, VimpelCom recorded impairment losses in respect of its operations in Russia and Kyrgyzstan of RUB 5,380 and 4,957, respectively. For further details please refer to Note 4.

The interim condensed consolidated financial statements of the Company as of 30 September 2020 and for the three and nine months ended 30 September 2020 were authorized for issue by the General Director of PJSC “VimpelCom” on 18 November 2020.

### Coronavirus Outbreak

On 11 March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

The second quarter saw the full impact on our operations of the lockdowns imposed across our markets in response to the COVID-19 pandemic. This resulted in material disruption to our retail operations following store closures, which impacted gross connections and airtime sales. Restrictions on travel resulted in a significant decline in roaming revenues and the loss of migrant customers from our subscriber base, particularly in Russia.

Although VimpelCom’s operations remained impacted by lockdown measures throughout third quarter, a gradual lifting of restrictions enabled the start of economic activity normalization and a sequential recovery in the performance of our operating markets.

Revenue trends remained divergent. Demand for our data services remains strong, enabling us to continue to grow our data revenues at a double-digit pace. We also experienced a continued shift in data traffic from mobile to fixed networks as lockdowns encouraged home working and schooling alongside a greater use of devices through our domestic broadband services.

An increase in demand for hard currencies has resulted in the devaluation of exchange rates in the countries in which VimpelCom operates. As such, for the nine months ended 30 September 2020, the net loss of RUB 8,827 was recorded against the foreign exchange loss in the interim consolidated income statement and the other comprehensive income of RUB 8,094 was recorded against the foreign currency translation reserve in the interim consolidated statement of comprehensive income and in the interim consolidated statement of changes in equity.

# Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements  
as of 30 September 2020 and for the three and nine months ended 30 September 2020

(All amounts in millions of Rubles unless otherwise stated)

## 1. General information (continued)

### Coronavirus Outbreak (continued)

Our management has taken appropriate measures to keep our personnel safe and secure. As of the date of these financial statements, we have not observed any particular material adverse impacts to our business, financial condition, and results of operations, other than as described above, and the Group’s liquidity is sufficient to fund the business operations for at least another 12 months.

### Working capital

For information on the Group’s working capital, see Note 14.

### Operating activities of the Group

## 2. Segment information

Management analyses 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, foreign exchange gain / (loss), net, 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”. The “Other operating companies” column in the tables below includes our operations in Armenia, Kyrgyzstan and Georgia (in May 2020, VimpelCom completed the sale of its operations in Georgia (Note 11)). The “Eliminations and other” column in the tables below includes inter-company eliminations, holding companies and other unallocated adjustments.

Financial information by reportable segment for the three and nine months ended 30 September 2020 and 30 September 2019 is presented in the following tables.

### Information by reportable segments for the three months ended 30 September 2020

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	61,997	8,230	3,527	1,912	(70)	<b>75,596</b>
including:						
- Mobile	52,445	7,570	3,507	1,440	14	<b>64,976</b>
- Fixed	9,552	660	20	472	(84)	<b>10,620</b>
Sale of equipment and accessories	7,428	111	1	117	–	<b>7,657</b>
Other revenue	278	72	8	10	(12)	<b>356</b>
<b>Total operating revenue</b>	<b>69,703</b>	<b>8,413</b>	<b>3,536</b>	<b>2,039</b>	<b>(82)</b>	<b>83,609</b>
- External customers	69,648	8,411	3,528	1,995	27	<b>83,609</b>
- Inter-segment	55	2	8	44	(109)	<b>–</b>
<b>EBITDA</b>	<b>26,752</b>	<b>4,069</b>	<b>1,528</b>	<b>229</b>	<b>(37)</b>	<b>32,541</b>
<b>Capital expenditures*</b>	<b>16,345</b>	<b>1,278</b>	<b>1,135</b>	<b>281</b>	<b>–</b>	<b>19,039</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 September 2020 and for the three and nine months ended 30 September 2020

(All amounts in millions of Rubles unless otherwise stated)

2. Segment information (continued)

Information by reportable segments for the nine months ended 30 September 2020

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	184,272	22,949	10,588	6,124	(246)	<b>223,687</b>
including:						
- Mobile	156,388	21,112	10,526	4,788	(60)	<b>192,754</b>
- Fixed	27,884	1,837	62	1,336	(186)	<b>30,933</b>
Sale of equipment and accessories	17,798	228	4	252	–	<b>18,282</b>
Other revenue	849	142	33	34	(29)	<b>1,029</b>
<b>Total operating revenue</b>	<b>202,919</b>	<b>23,319</b>	<b>10,625</b>	<b>6,410</b>	<b>(275)</b>	<b>242,998</b>
- External customers	202,744	23,312	10,602	6,261	79	<b>242,998</b>
- Inter-segment	175	7	23	149	(354)	<b>–</b>
<b>EBITDA</b>	<b>78,877</b>	<b>11,459</b>	<b>3,561</b>	<b>1,676</b>	<b>(624)</b>	<b>94,949</b>
<b>Capital expenditures*</b>	<b>46,353</b>	<b>5,885</b>	<b>3,055</b>	<b>1,828</b>	<b>(16)</b>	<b>57,105</b>

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

Information by reportable segments for the three months ended 30 September 2019

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue,	67,088	7,052	4,247	2,783	(246)	<b>80,924</b>
including:						
- Mobile	58,321	6,525	4,225	2,344	(150)	<b>71,265</b>
- Fixed	8,767	527	22	439	(96)	<b>9,659</b>
Sale of equipment and accessories	7,494	31	1	173	–	<b>7,699</b>
Other revenue	231	28	12	20	(8)	<b>283</b>
<b>Total operating revenue</b>	<b>74,813</b>	<b>7,111</b>	<b>4,260</b>	<b>2,976</b>	<b>(254)</b>	<b>88,906</b>
- External customers	74,704	7,100	4,242	2,827	33	<b>88,906</b>
- Inter-segment	109	11	18	149	(287)	<b>–</b>
<b>EBITDA</b>	<b>32,963</b>	<b>3,259</b>	<b>2,327</b>	<b>1,066</b>	<b>(839)</b>	<b>38,776</b>
<b>Capital expenditures*</b>	<b>10,955</b>	<b>2,157</b>	<b>517</b>	<b>510</b>	<b>–</b>	<b>14,139</b>

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

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2. Segment information (continued)

Information by reportable segments for the nine months ended 30 September 2019

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	195,982	20,128	12,773	7,981	(460)	<b>236,404</b>
including:						
- Mobile	170,248	18,503	12,697	6,636	(265)	<b>207,819</b>
- Fixed	25,734	1,625	76	1,345	(195)	<b>28,585</b>
Sale of equipment and accessories	19,968	99	4	417	-	<b>20,488</b>
Other revenue	907	2,571	22	51	(25)	<b>3,526</b>
<b>Total operating revenue</b>	<b>216,857</b>	<b>22,798</b>	<b>12,799</b>	<b>8,449</b>	<b>(485)</b>	<b>260,418</b>
- External customers	216,647	22,774	12,765	8,135	97	<b>260,418</b>
- Inter-segment	210	24	34	314	(582)	-
<b>EBITDA</b>	<b>94,152</b>	<b>12,080</b>	<b>6,673</b>	<b>2,905</b>	<b>(1,935)</b>	<b>113,875</b>
<b>Capital expenditures*</b>	<b>41,686</b>	<b>5,558</b>	<b>3,097</b>	<b>1,485</b>	-	<b>51,826</b>

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

The following table provides the reconciliation of consolidated EBITDA to consolidated profit for the three and nine months ended 30 September 2020 and 30 September 2019:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
<b>EBITDA</b>	<b>32,541</b>	38,776	<b>94,949</b>	113,875
Depreciation	(18,153)	(17,571)	(54,139)	(53,048)
Amortization	(3,005)	(2,756)	(8,934)	(7,857)
Impairment loss	(10,479)	(5,823)	(10,411)	(6,284)
Loss on disposal of non-current assets	(211)	(778)	(721)	(1,597)
Finance costs	(5,486)	(7,107)	(18,651)	(21,033)
Finance income	330	930	2,297	2,682
Other non-operating gain / (loss), net	148	265	1,823	(2,724)
Foreign exchange loss, net	(3,184)	(965)	(8,827)	(1,173)
Income tax expense	(588)	(3,037)	(3,410)	(7,441)
<b>(Loss) / profit for the period</b>	<b>(8,087)</b>	1,934	<b>(6,024)</b>	15,400

3. Selling, general and administrative expenses

Selling, general and administrative expenses for the three and nine months ended 30 September 2020 and 30 September 2019 consisted of the following:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Personnel costs	7,835	7,801	24,377	24,150
Network and IT costs	6,343	5,695	18,508	16,648
Customer associated costs	5,180	5,760	15,279	16,749
Taxes other than income tax	1,949	1,530	6,016	4,917
Services costs and variable part of the other lease payments	1,052	1,130	3,161	3,301
Losses on receivables	250	438	2,206	1,724
Consulting and professional service costs	674	1,048	2,005	2,140
Other general and administrative expenses	1,115	975	3,000	3,108
<b>Total</b>	<b>24,398</b>	24,377	<b>74,552</b>	72,737

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### 4. Impairment

Impairment loss for the nine months ended 30 September 2020 and 30 September 2019 consisted of the following items:

CGU's	Nine months ended 30 September 2020					Nine months ended 30 September 2019				
	Property and intangible equipment	Other assets	Goodwill	Other assets	Total impairment loss	Property and intangible equipment	Other assets	Goodwill	Total impairment loss	
Russia	(56)	–	5,436	–	<b>5,380</b>	651	(162)	–	<b>489</b>	
Kyrgyzstan	2,886	579	–	1,492	<b>4,957</b>	2,106	201	3,482	<b>5,789</b>	
Kazakhstan	74	–	–	–	<b>74</b>	(14)	–	–	<b>(14)</b>	
Georgia	–	–	–	–	<b>–</b>	20	–	–	<b>20</b>	
<b>Total</b>	<b>2,904</b>	<b>579</b>	<b>5,436</b>	<b>1,492</b>	<b>10,411</b>	<b>2,763</b>	<b>39</b>	<b>3,482</b>	<b>6,284</b>	

### 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”). In addition to the above, the Company also considered the impact of COVID-19 when reviewing for indicators of impairment (refer to Note 1).

VimpelCom performed its annual impairment testing at 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 2019.

### Impairment losses

In recent years, Beeline Russia has seen a decline in its subscriber and revenue market share on the back of competitive pressures in the market, which have impacted both revenues and profitability. This underperformance has negatively impacted the fair value of our Russian business, and over time has eroded the existing headroom over the book value of the business. The impact of a weaker Russian ruble, along with ongoing COVID lockdowns and associated travel restrictions, have had a negative impact on consumer spending, which weakened during the quarter. Together with a slower than anticipated recovery in Beeline’s ARPU, which has in turn impacted our future projected revenue, a revision to our previous estimates has been deemed necessary.

Based on these revisions, VimpelCom recorded an impairment of RUB 5,436 against the carrying value of goodwill in Russia in the third quarter of 2020. The recoverable amount of the CGU 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.

Key assumptions – Russia CGU	30 September 2020			30 June 2020		
	Explicit forecast period	Terminal period	Combined average*	Explicit forecast period	Terminal period	Combined average*
Discount rate			<b>10.1%</b>			<b>9.6%</b>
Average annual revenue growth rate	4.3%	1.8%	<b>3.9%</b>	6.6%	1.6%	<b>5.8%</b>
Average operating margin	31.2%	35.7%	<b>32.0%</b>	32.4%	35.5%	<b>32.9%</b>
Average CAPEX / revenue**	27.9%	21.0%	<b>26.8%</b>	30.0%	19.2%	<b>28.2%</b>

\* Combined average based on explicit forecast period of five years (2021-2025) and terminal period (2026), excludes intervening period of 2020;

\*\* CAPEX excludes licenses and right-of-use assets.

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### 4. Impairment (continued)

#### Impairment losses (continued)

Also, in the third quarter of 2020, due to the unstable political environment and uncertainties arising with respect to the recoverability of our operating assets in Kyrgyzstan, VimpelCom has fully impaired the carrying value of all operating assets of Kyrgyzstan. As a result, the Company recorded a total impairment loss of RUB 4,957, allocated against the carrying value of property and equipment (RUB 2,886), intangible assets (RUB 579) and other assets (RUB 1,492).

#### Sensitivity analysis

The following table illustrates the potential additional impairment for the Russia CGU if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods (“+/- 1.0 pp”), as well as the change in key assumptions required in order for the recoverable amount of the CGU to be equal to its book value (“Break-even”).

Any additional adverse changes in the key parameters by more than one percentage point would increase the amount of impairment exposure approximately proportionally.

Sensitivity analysis	Russia*	
	Combined average**	+/- 1.0 pp
<b>Discount rate</b>	<b>10.1%</b>	<b>11.1%</b>
Change in key assumption	0.0 pp	1.0 pp
Impairment	–	(37,691)
<b>Average annual revenue growth rate</b>	<b>3.9%</b>	<b>2.9%</b>
Change in key assumption	0.0 pp	(1.0) pp
Impairment	–	(19,921)
<b>Average operating margin</b>	<b>32.0%</b>	<b>31.1%</b>
Change in key assumption	0.0 pp	(1.0) pp
Impairment	–	(29,882)
<b>Average CAPEX / revenue</b>	<b>26.8%</b>	<b>27.8%</b>
Change in key assumption	0.0 pp	1.0 pp
Impairment	–	(30,280)

\* Following the recognition of an impairment loss in the third quarter of 2020, the book value of the Russia CGU is equal to its recoverable amount. As such, the “break-even” assumptions for the Russia are equivalent to the “Combined average” assumptions;

\*\* Combined average based on explicit forecast period of five years (2021-2025) and terminal period (2026), excludes intervening period of 2020.

Although we believe that judgments made supporting our impairment assessment are reasonable (relying on information reasonably available to us), the COVID-19 pandemic 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 impairments in future periods.

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

Other non-operating gain / (loss), net for the three and nine months ended 30 September 2020 and 30 September 2019 consisted of the following:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Changes in the fair value of non-hedge derivatives*	181	145	1,857	(2,080)
Loss from early debt redemption	–	–	–	(719)
Other (loss) / gain, net	(33)	120	(34)	75
<b>Total other non-operating gain / (loss), net</b>	<b>148</b>	<b>265</b>	<b>1,823</b>	<b>(2,724)</b>

\* Changes in the fair value of non-hedge derivatives relate 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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#### 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 consisted of the following for the three and nine months ended 30 September 2020 and 30 September 2019:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
<b>(Loss) / profit before tax</b>	<b>(7,499)</b>	4,971	<b>(2,614)</b>	22,841
Current income tax	<b>(655)</b>	(3,192)	<b>(4,491)</b>	(9,000)
Deferred income tax	<b>67</b>	155	<b>1,081</b>	1,559
<b>Income tax expense reported in the interim consolidated income statement</b>	<b>(588)</b>	(3,037)	<b>(3,410)</b>	(7,441)
<b>Effective tax rates</b>	<b>(8%)</b>	61%	<b>(130%)</b>	33%

The difference between the statutory tax rate of 20.0% in Russia and the effective corporate income tax rate of (8%) for the Group in the three-month period ending 30 September 2020 was primarily driven by the recognition of non-deductible impairment losses in respect of our operating activities in Russia and Kyrgyzstan (Note 4) and other non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement.

The difference between the statutory tax rate of 20.0% in Russia and the effective corporate income tax rate of (130%) for the Group in the nine-month period ending 30 September 2020 was primarily driven by the recognition of non-deductible impairment losses in respect of our operating activities in Russia and Kyrgyzstan (Note 4), loss in Georgia amounting to RUB 3,437 (Note 11) affecting profit before tax (no deferred tax was recognized on the loss due to no recoverability), non-deductible expenses accrued in Uzbekistan amounting to equivalent of RUB 1,250 and other non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement.

The difference between the statutory tax rate of 20.0% in Russia and the effective corporate income tax rate of 61% and 33%, respectively, for the Group in the three-month and nine-month periods ending 30 September 2019 was mainly driven by withholding tax accrued on dividends from Uzbekistan, Kyrgyzstan and other temporary differences. The effective income tax rate was also affected by impairment accrued on assets of Kyrgyzstan in the three-months period ended 30 September 2019.

#### 7. Inventories

Inventories consisted of the following items as of 30 September 2020 and 31 December 2019:

	31 September 2020	31 December 2019
Telephone handsets and accessories for sale	7,298	10,583
SIM-Cards	427	442
Other inventories	223	171
Obsolescence allowance	<b>(1,093)</b>	<b>(1,440)</b>
<b>Total</b>	<b>6,855</b>	<b>9,756</b>

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### 8. Other assets and liabilities

Other assets consisted of the following items as of 30 September 2020 and 31 December 2019:

	30 September 2020	31 December 2019
<b>Other non-current assets</b>		
Customer acquisition costs	2,066	1,555
Deferred costs related to connection fees	34	102
Advances to suppliers and prepayments	–	134
Input value added tax	–	62
Other non-current assets	32	35
<b>Total other non-current assets</b>	2,132	1,888
<b>Other current assets</b>		
Input value added tax	6,044	6,163
Advances to suppliers	3,259	3,708
Deferred costs related to connection fees	93	93
Prepaid taxes	65	857
Other current assets	177	325
<b>Total other current assets</b>	9,638	11,146

Other liabilities consisted of the following items as of 30 September 2020 and 31 December 2019:

	30 September 2020	31 December 2019
<b>Other non-current liabilities</b>		
Long-term deferred revenue	187	227
Other non-current liabilities	329	420
<b>Total other non-current liabilities</b>	516	647
<b>Other current liabilities</b>		
Other taxes payable	5,397	4,262
Amounts due to employees	4,622	3,832
Customer advances, net of VAT	2,956	2,904
Short-term deferred revenue	2,318	1,719
<b>Total other current liabilities</b>	15,293	12,717

### Investing activities of the Group

#### 9. Property and equipment

During the nine months ended 30 September 2020 and 30 September 2019, the Company had the following changes in property and equipment:

		Nine months ended 30 September	
	Note	2020	2019
<b>Net book value as of 1 January</b>		278,147	281,526
Additions*		56,191	54,410
Net book value of assets disposed		(1,419)	(2,975)
Acquisition of subsidiary		496	–
Divestment of subsidiary	11	(2,013)	–
Depreciation charge		(54,139)	(53,048)
Impairment	4	(2,904)	(2,763)
Translation adjustment		5,227	(4,556)
Assets classified as assets held for sale		–	(3)
Reclassification from assets held for sale		11	3
Other changes		(145)	278
<b>Net book value as of 30 September</b>		279,452	272,872

\* Including additions of right-of-use assets during the nine months ended 30 September 2020 in the amount of RUB 7,754 (2019: RUB 10,718).



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**10. Intangible assets**

During the nine months ended 30 September 2020 and 30 September 2019, the Company had the following changes in intangible assets:

	Nine months ended 30 September 2020			Nine months ended 30 September 2019		
	Other intangible assets	Goodwill	Total intangible assets	Other intangible assets	Goodwill	Total intangible assets
<b>Net book value as of 1 January</b>	<b>26,815</b>	<b>93,216</b>	<b>120,031</b>	27,519	97,729	125,248
Additions	8,667	–	8,667	8,134	–	8,134
Net book value of assets disposed	–	–	–	(15)	–	(15)
Acquisition of subsidiary	588	1,001	1,589	–	–	–
Divestment of subsidiary (Note 11)	(373)	–	(373)	–	–	–
Amortization charge	(8,934)	–	(8,934)	(7,857)	–	(7,857)
Impairment	(579)	(5,436)	(6,015)	(39)	(3,482)	(3,521)
Other changes	205	–	205	–	–	–
Translation adjustment	993	797	1,790	(621)	(878)	(1,499)
<b>Net book value as of 30 September</b>	<b>27,382</b>	<b>89,578</b>	<b>116,960</b>	27,121	93,369	120,490

The movements in goodwill for the Group, per cash generating unit (“CGU”), consisted of the following items for the nine-month period ended 30 September 2020:

	Russia	Kazakhstan	Uzbekistan	Total
<b>31 December 2019</b>	<b>87,984</b>	<b>4,035</b>	<b>1,197</b>	<b>93,216</b>
Acquisition of subsidiary	1,001	–	–	1,001
Impairment	(5,436)	–	–	(5,436)
Currency translation adjustment	–	574	223	797
<b>30 September 2020*</b>	<b>83,549</b>	<b>4,609</b>	<b>1,420</b>	<b>89,578</b>

\* As of 30 September 2020, the following CGUs' had no goodwill allocated to them: Armenia and Kyrgyzstan (31 December 2019: Armenia, Kyrgyzstan and Georgia).

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#### 11. Transactions under common control

On 14 May 2020, PJSC “VimpelCom” entered into an agreement for the sale of Watertrail Industries Ltd., which held our 51% stake VEON Georgia, LLC, an operating company in Georgia. Under the agreement, on 14 May 2020, PJSC “VimpelCom” transferred 100% of shares in Watertrail Industries Ltd. to VEON Georgia Holdings B.V. (a subsidiary of VEON Ltd. and related party of the Group), in exchange for purchase consideration of USD 16,000 (the equivalent of RUB 1.2 as of 14 May 2020 at the exchange rate provided by the Central Bank of Russia). The effect of the disposal is detailed below:

	<b>Amount</b>
Net cash consideration received (USD 16,000)	1
Derecognition of assets:	
- Property and equipment	(2,013)
- Intangible assets	(373)
- Trade and other receivables	(254)
- Other assets	(204)
- Cash and cash equivalents	(429)
	<b>(3,273)</b>
Derecognition of liabilities:	
- Loans payables to related parties, principal amount	17,170
- Loans payables to related parties, interest payable	11,268
- Lease Liabilities	692
- Trade and other payables	1,202
- Provisions	126
- Other liabilities	62
	<b>30,520</b>
Derecognition of non-controlling interests	(13,351)
Release cumulative other comprehensive income	878
<b>Total effect of the disposal</b>	<b>14,775</b>

The financial performance information (after excluding intra-group transactions) presented below are for the period of 2020 ended 14 May 2020 (“2020” column) and for the year ended 31 December 2019 (“2019” column).

#### Summarized Income statement

	<b>2020</b>	<b>2019</b>
Operating revenue	768	2,413
Service costs	(108)	(362)
Cost of equipment and accessories	–	(16)
Selling, general and administrative expenses	(315)	(1,095)
Depreciation	(140)	(308)
Amortization	(16)	(67)
Impairment loss	–	(13)
Gain on disposal of non-current assets	5	34
<b>Operating profit</b>	<b>194</b>	<b>586</b>
Finance costs	(370)	(1,048)
Finance income	10	15
Foreign exchange loss, net	(3,271)	(1,676)
Other non-operating gain, net	–	7
<b>Profit before income tax</b>	<b>(3,437)</b>	<b>(2,116)</b>
Income tax expense	(8)	(19)
<b>Profit for the period</b>	<b>(3,445)</b>	<b>(2,135)</b>
<b>Attributable to:</b>		
The owners of the Company	(1,757)	(1,089)
Non-controlling interests	(1,688)	(1,046)

For transactions under common control, VimpelCom measures the net assets of the transaction at the carrying amounts, the difference between the amount received for the transaction and the corresponding carrying amount of the net assets is accounted for as equity transaction.

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### Financing activities of the Group

#### 12. Financial assets and liabilities

The loans, derivatives and other financial assets consisted of the following items as of 30 September 2020 and 31 December 2019:

	Note	30 September 2020	31 December 2019
<b>Loans, derivatives and other financial assets</b>			
<b>At amortized cost</b>			
- Loans granted to related parties, principal amount	14	26,307	51,659
- Loans granted to related parties, interest receivable		137	291
Loans granted to related parties		<u>26,444</u>	<u>51,950</u>
Loans granted to owners of the non-controlling interests	16	1,972	–
Other financial assets		755	704
		<u>29,171</u>	<u>52,654</u>
<b>Total loans, derivatives and other financial assets</b>			
		<u>29,171</u>	<u>52,654</u>
- Non-current		392	868
- Current		<u>28,779</u>	<u>51,786</u>

The debt, derivatives and other financial liabilities consisted of the following items as of 30 September 2020 and 31 December 2019:

	Note	30 September 2020	31 December 2019
<b>Debt, derivatives and other financial liabilities</b>			
<b>At fair value</b>			
Derivatives not designated as hedges			
- Foreign exchange contracts		–	659
		–	<u>659</u>
<b>At amortized cost</b>			
- Loans payables to related parties, principal amount	14	129,554	173,978
- Loans payables to related parties, interest payable	11	574	9 450
- Unamortised fees on loans payables to related parties		–	(429)
Loans payables to related parties		<u>130,128</u>	<u>182,999</u>
- Bonds, principal amount		21,596	17,321
- Bonds, interest payable		268	534
- Unamortised fees on bonds		(18)	(20)
Bonds		<u>21,846</u>	<u>17,835</u>
Lease liabilities		84,346	87,090
Other liabilities		112	80
		<u>236,432</u>	<u>288,004</u>
<b>Total debt, derivatives and other financial liabilities</b>			
		<u>236,432</u>	<u>288,663</u>
- Non-current		196,629	247,280
- Current		<u>39,803</u>	<u>41,383</u>

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

##### Major treasury events during 2020

There were no significant changes in financial assets and liabilities in the nine-month period ended 30 September 2020 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 2019.

On 28 February 2020, PJSC “VimpelCom” announced the reset of the coupon rate on its 7% puttable Ruble bonds for outstanding principal amount of RUB 597. The new coupon rate of 6.2% per annum is applicable for the next four coupon periods (next two years) till final maturity in March 2022. Following the reset of the coupon rate, bondholders exercised their put options in aggregate principal amounts of RUB 383 which was repaid in March 2020. Subsequent to the settlement, the total outstanding principal amount of 6.2% Ruble bonds was RUB 213. Outstanding principle amount of 1% Ruble bonds with final maturity in 2025 remained the same and amounted to RUB 505.

On 30 June 2020, in the Annual General Meeting of Shareholders of PJSC “VimpelCom” the decision was taken to pay annual dividends in the monetary form based on 2019 financial year results: (1) to holders of common registered shares in the amount of three hundred ninety rubles per one common share for the total amount of RUB 19,999.60; (2) to holders of preferred type “A” registered shares in the amount of 0.1 kopecks per one preferred type “A” registered share for the total amount of RUB 0.006. In July 2020, PJSC “VimpelCom” paid annual dividends to the shareholders based on 2019 financial year results in the amount of RUB 18,999.62, net of tax withheld. In accordance with Russian tax legislation, PJSC “VimpelCom” withheld and paid a tax on dividend payments in the amount of RUB 999.98.

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 14.

##### Fair values

As of 30 September 2020, the fair values of all financial assets and liabilities are equal to or approximate their respective carrying amounts as shown in the table above, with the exception of:

- loans payables to related parties, principal amount, for which fair value is equal to RUB 133,257 (31 December 2019: RUB 184,521);
- bonds, principal amount, for which fair value is equal to RUB 22,051 (31 December 2019: 18,368);
- interest payable to related parties and interest payable on bonds for which fair value is equal to RUB 842 (31 December 2019: RUB 8,034);
- 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.

The fair values were estimated based on quoted market prices (for 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 value for loans to related parties is 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 LIBOR, swap curves, basis swap spreads, foreign exchange rates and credit default spreads.

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

#### Fair values (continued)

As of 30 September 2020 and 31 December 2019, the Group recognized financial instruments at fair value in the statement of financial position.

As of 30 September 2020 and 31 December 2019, all financial assets and financial liabilities carried at fair value were measured based on Level 2 inputs. Carrying amounts of financial assets and financial liabilities carried at amortized costs approximates their fair value which is measured based on Level 2 inputs.

During the nine-months period ended 30 September 2020, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

All impairment losses and changes in fair values of financial instruments are unrealized and are recorded in line “Other non-operating gain / (loss), net” in the consolidated income statement.

### 13. Cash and cash equivalents

Cash and cash equivalents consisted of the following items as of 30 September 2020 and 31 December 2019:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Cash and cash equivalents at banks and on hand	<b>19,418</b>	29,386
Short-term deposits with an original maturity of less than three months	<b>6,231</b>	2,112
<b>Total cash and cash equivalents</b>	<b>25,649</b>	31,498

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 September 2020 and 31 December 2019, there were no restricted cash and cash equivalent balances.

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### Additional information

#### 14. Related parties

As of 30 September 2020 and 31 December 2019, PJSC “VimpelCom” was a wholly-owned indirect subsidiary of VEON Ltd. As of 30 September 2020 and 31 December 2019, 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:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
Revenue from VEON Ltd. and its subsidiaries:				
- Revenue from Teta Telecom and its subsidiaries	361	278	1,029	629
- Revenue from Kyivstar	58	65	180	189
- Revenue from VEON Ltd. and its other subsidiaries	164	243	463	1,168
	<b>583</b>	<b>586</b>	<b>1,672</b>	<b>1,986</b>
Services from VEON Ltd. and its subsidiaries:				
- Services from Teta Telecom and its subsidiaries	916	948	2,649	2,540
- Services from Kyivstar	129	117	361	350
- Services from VEON Ltd. and its other subsidiaries	1,504	2,152	4,558	6,511
Services from other related parties	-	6	-	19
	<b>2,549</b>	<b>3,223</b>	<b>7,568</b>	<b>9,420</b>
Finance income from VEON Ltd. and its subsidiaries	172	672	1,620	2,053
Finance costs from VEON Ltd. and its subsidiaries	3,469	4,844	12,448	14,406
Other gain from VEON Ltd. and its subsidiaries, net	1	2	2	12
	<b>1</b>	<b>2</b>	<b>2</b>	<b>12</b>
			<b>As of</b>	<b>As of</b>
			<b>30 September</b>	<b>31 December</b>
			<b>2020</b>	<b>2019</b>
Accounts receivable from VEON Ltd. and its subsidiaries:				
- Accounts receivable from Teta Telecom and its subsidiaries			930	111
- Accounts receivable from Kyivstar			62	321
- Accounts receivable from VEON Ltd. and its other subsidiaries			407	441
Accounts receivable from other related parties			14	1
			<b>1,413</b>	<b>874</b>
Accounts payable to VEON Ltd. and its subsidiaries:				
- Accounts payable to Teta Telecom and its subsidiaries			354	260
- Accounts payable to Kyivstar			269	228
- Accounts payable to VEON Ltd. and its other subsidiaries			19,405	15,476
Accounts payable to other related parties			40	2
			<b>20,068</b>	<b>15,966</b>
Loans granted to VEON Ltd. and its subsidiaries			26,307	51,659
Interest receivable from VEON Ltd. and its subsidiaries			137	291
Loans received from VEON Ltd. and its subsidiaries			129,554	173,978
Interest payable to VEON Ltd. and its subsidiaries			574	9,450
Unamortized fees related to loans received from VEON Ltd. and its subsidiaries			-	(429)

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#### 14. Related parties (continued)

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

As of 30 September 2020 and 31 December 2019, 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 September 2020	31 December 2019
Golden Telecom Inc. <sup>1</sup>	VEON Holdings B.V.	31 Jan. 2018	On demand	LIBOR+0.70%	USD	11,338	8,552
PJSC “VimpelCom” <sup>2</sup>	VEON Holdings B.V.	13 Dec. 2017	< 3 months	8.0%	RUB / USD	7,985	39,330
VIP Kazakhstan Holding AG <sup>3</sup>	VEON Holdings B.V.	17 Jul. 2020	17 Jul. 2021	3.0%	USD	5,358	–
Clafdor Investments Ltd.	VEON Micro Holdings B.V.	4 Sep. 2018	On demand	LIBOR+0.60%	USD	797	619
KaR-Tel, LLP	TNS-Plus	2007-2011	2020–2021	9.46%	KZT	763	668
VEON Eurasia S.à r.l.	VEON Holdings B.V.	31 Mar. 2017	On demand	LIBOR+0.65%	USD	66	34
VEON Armenia, CJSC <sup>4</sup>	VEON Holdings B.V.	7 Aug. 2017	On demand	LIBOR+0.80%	USD	–	2,456
<b>Total</b>						<b>26,307</b>	<b>51,659</b>

<sup>1</sup> For the nine months ended 30 September 2020, Golden Telecom Inc. provided VEON Holdings B.V. with the amount of USD 3.4 million (the equivalent of RUB 254 as of the date of each transaction at the exchange rate provided by the Central Bank of Russia) and VEON Holdings B.V. repaid USD 850 thousand (the equivalent of RUB 60 as of the date of each transaction at the exchange rate provided by the Central Bank of Russia). The amount of interest capitalized for the nine months ended 30 September 2020 was USD 1.6 million (the equivalent of RUB 124 as of the date of each transaction at the exchange rate provided by the Central Bank of Russia);

<sup>2</sup> For the nine months ended 30 September 2020, PJSC “VimpelCom” provided VEON Holdings B.V. with the equivalent of RUB 41,139 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia) and VEON Holdings B.V. repaid the equivalent of RUB 72,484 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia). In October and November of 2020, PJSC “VimpelCom” provided VEON Holdings B.V. with the equivalent of RUB 10,961 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia) and VEON Holdings B.V. repaid the equivalent of RUB 4,345 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia);

<sup>3</sup> On 17 July 2020, VIP Kazakhstan Holding AG signed a facility agreement with VEON Holdings B.V. for the amount of USD 67.2 million with the maturity date on 17 July 2021. The interest rate under the agreement is 3.0%. In July of 2020, VIP Kazakhstan Holding AG provided VEON Holdings B.V. with the amount of USD 67.2 million (the equivalent of RUB 4,837 as of the date of transaction at the exchange rate provided by the Central Bank of Russia);

<sup>4</sup> For the nine months ended 30 September 2020, VEON Holdings B.V. fully repaid the loan granted by VEON Armenia, CJSC;

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#### 14. Related parties (continued)

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

As of 30 September 2020 and 31 December 2019, 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 September 2020	31 December 2019
VEON Holdings B.V. <sup>1</sup>	PJSC “VimpelCom”	19 Aug. 2020	Aug., 2024	8.75%	RUB	40,100	40,100
VEON Holdings B.V. <sup>2</sup>	PJSC “VimpelCom”	14 Aug. 2020	Aug., 2024	8.75%	RUB	35,000	–
VEON Holdings B.V. <sup>3</sup>	PJSC “VimpelCom”	14 Aug. 2020	Aug., 2023	8.50%	RUB	30,000	–
VEON Luxembourg Finance S.A.	PJSC “VimpelCom”	11 Oct. 2017	Oct., 2022	125% of the key rate	RUB	15,000	15,000
VEON Luxembourg Finance S.A.	PJSC “VimpelCom”	9 Aug. 2017	Aug., 2022	125% of the key rate	RUB	9,454	9,454
VEON Luxembourg Finance S.A. <sup>4</sup>	PJSC “VimpelCom”	19 May 2017	May, 2022	11.40%	RUB	–	95,000
VEON Luxembourg Finance S.A. <sup>5</sup>	VEON Georgia, LLC	26 Mar. 2015	Mar., 2032	6.50%	USD	–	14,114
VEON Luxembourg Finance S.A. <sup>5</sup>	VEON Georgia, LLC	9 Jan. 2018	Dec., 2020	6.50%	USD	–	310
<b>Total</b>						<b>129 554</b>	<b>173,978</b>

<sup>1</sup> On 19 August 2020, PJSC “VimpelCom” entered into an novation agreement in accordance with which the lender was changed from VEON Luxembourg Finance S.A. to VEON Holdings B.V., the interest rate was changed from 11.00 % to 8.75% and the maturity date was changed from June 2022 to August 2024;

<sup>2</sup> On 14 August 2020, PJSC “VimpelCom” signed a credit facility agreement with VEON Holdings B.V. for the amount of RUB 35,000 with the maturity date on 14 August 2024 for general corporate purposes, including, without limitation, in order to repay, prepay and/or refinance certain existing borrowings of PJSC “VimpelCom”. The interest rate under the agreement is 8.75%. In August of 2020, PJSC “VimpelCom” drew down RUB 35,000;

<sup>3</sup> On 14 August 2020, PJSC “VimpelCom” signed a credit facility agreement with VEON Holdings B.V. for the amount of RUB 30,000 with the maturity date on 14 August 2023 for general corporate purposes, including, without limitation, in order to repay, prepay and/or refinance certain existing borrowings of PJSC “VimpelCom”. The interest rate under the agreement is 8.50%. In August of 2020, PJSC “VimpelCom” drew down RUB 30,000;

<sup>4</sup> For the nine months ended 30 September 2020, PJSC “VimpelCom” early repaid RUB 95,000;

<sup>5</sup> On 14 May 2020, PJSC “VimpelCom” entered into an agreement for the sale of Watertrail Industries Ltd., which held our 51% stake VEON Georgia, LLC, an operating company in Georgia. On 14 May 2020, PJSC “VimpelCom” transferred 100% of shares in Watertrail Industries Ltd. to VEON Georgia Holdings B.V. (a subsidiary of VEON Ltd. and related party of the Group) (Note 11).

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

Outstanding balances at period-end are unsecured, settlements occur in cash. During the nine months ended 30 September 2020, 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 2019 and were disclosed in the notes to the respective annual consolidated financial statements. No triggering events under the existing guarantees (Note 15) in favor of related parties occurred. The Company believes that the probability of these events is remote.

As of 30 September 2020 and 31 December 2019, 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 September 2020 and 31 December 2019.

##### Working capital

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 or through refinancing the loans received from VEON Ltd. and its subsidiaries.



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### 15. 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 nine-month period ended 30 September 2020.

#### 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 September 2020 and 31 December 2019, the outstanding principal amount under the notes was USD 417 million (the equivalent of RUB 33,228 as of 30 September 2020 at the exchange rate provided by the Central Bank of Russia) and USD 417 million (the equivalent of RUB 25,815 as of 31 December 2019 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.

### 16. Events after the reporting period

#### Ruble bonds

On 1 October 2020, PJSC “VimpelCom” announced the reset of the coupon rate on its 1% puttable Ruble bonds for outstanding principal amount of RUB 505 with final maturity in October 2025. The new coupon rate of 5.55% per annum is applicable for the next four coupon periods (next two years). Following the reset of the coupon rate, bondholders exercised their put options in aggregate principal amounts of RUB 17 which was repaid on 14 October 2020. Subsequent to the settlement, the total outstanding principal amount of 5.55% Ruble bonds was RUB 488.

#### Transactions under common control

On 15 October 2020, Golden Telecom Inc. (a subsidiary of the Company) entered into a share purchase agreement (the “Agreement”) for the sale of Bardym Enterprises Ltd., which held (directly and indirectly) our 100% stake LLC “Sovintel Group”, 54% stake JSC “Raskom” (an operating company in Russia), 100% stake LLC “Kubtelecom” (an operating company in Russia), 68.4% stake JSC “Cubintersvyaz” (an operating company in Russia), 99.2% stake LLC “Sakhalin Telecom” (an operating company in Russia) and 79.776% stake (voting rights: 14.078%) Golden Telecom Inc. Under the Agreement, on 15 October 2020, Golden Telecom Inc. transferred 100% of shares in Bardym Enterprises Ltd. to VEON Holdings B.V. (a subsidiary of VEON Ltd. and related party of the Group) in exchange for purchase consideration of USD 360 million (the equivalent of RUB 27,819 as of 15 October 2020 at the exchange rate provided by the Central Bank of Russia). As of 15 October 2020, the aggregate net assets of disposed subsidiaries amounted to RUB 17 378. On 27 October 2020, Golden Telecom Inc. and VEON Holdings B.V. have agreed that the outstanding consideration of USD 360 million under the Agreement shall be deemed to be a loan.

For transactions under common control, VimpelCom measures the net assets of the transaction at the carrying amounts, the difference between the amount received for the transaction and the corresponding carrying amount of the net assets is accounted for as equity transaction.

#### Sale of Armenian operations

In October 2020, PJSC “VimpelCom” concluded an agreement for the sale of CJSC “VEON Armenia”, VimpelCom’s operating subsidiary in Armenia. Under the agreement, on 29 October 2020, PJSC “VimpelCom” transferred 100% of shares in CJSC “VEON Armenia” to “TEAM”, LLC in exchange for purchase consideration of USD 51 million (RUB 3,955). As of 29 October 2020, the net assets of CJSC “VEON Armenia” amounted to RUB 2,498.

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

##### **Dividends**

On 4 November 2020, 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 24.75 million (the equivalent of RUB 1,980 as of 4 November 2020 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 12).

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

Significant changes in financial assets and liabilities after the reporting period also related to the loans granted to related parties and loans received from related parties were described in Note 14.

#### **17. 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 2019, 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.

##### **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 2019.

A number of new and amended standards became effective as of 1 January 2020, 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.

In May 2020, the IASB issued an amendment to IFRS 16 “Leases”, providing an option to apply a practical expedient in respect of accounting for certain rent concessions arising as a direct consequence of COVID-19, such as rent holidays and temporary rent reductions. Under this amendment, which became effective as of 30 June 2020, lessees are exempted from having to consider whether these rent concessions are lease modifications. The Group has chosen not to apply the practical expedient available and will therefore account for any rent concessions as lease modifications.