

Unaudited interim condensed  
consolidated financial statements

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

as of 31 March 2021 and  
for the three months ended 31 March 2021

# Public Joint Stock Company “Vimpel-Communications”

## Unaudited interim condensed consolidated financial statements as of 31 March 2021 and for the three months ended 31 March 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 31 March 2021 and the related interim consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the three-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".

*AO PricewaterhouseCoopers Audit*  
18 May 2021  
Moscow, Russian Federation



A.A. Karlovski, certified auditor (licence no. 01-000399), 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 bid 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 months ended 31 March 2021

(All amounts in millions of Rubles)

	Note	Three months ended 31 March	
		2021 (unaudited)	2020 (unaudited)
Service revenue		73,284	74,726
Sale of equipment and accessories		7,422	5,637
Other revenue		368	536
<b>Total operating revenue</b>	2	<b>81,074</b>	<b>80,899</b>
Other operating income		27	–
Service costs		(19,153)	(17,427)
Cost of equipment and accessories		(7,117)	(5,697)
Selling, general and administrative expenses (including impairment loss on financial assets)	3	(23,294)	(24,734)
Depreciation	8	(18,907)	(17,938)
Amortization	9	(2,514)	(2,930)
(Impairment loss) / reversal of impairment loss		(83)	68
Loss on disposal of non-current assets		(376)	(252)
<b>Operating profit</b>		<b>9,657</b>	<b>11,989</b>
Finance costs		(5,593)	(6,783)
Finance income		469	1,098
Foreign exchange gain / (loss), net		506	(8,393)
Other non-operating gain, net	4	193	3,979
<b>Profit before tax</b>		<b>5,232</b>	<b>1,890</b>
Income tax expense	5	(2,071)	(1,223)
<b>Profit for the period</b>		<b>3,161</b>	<b>667</b>
<b>Profit for the period attributable to:</b>			
The owners of the Company		2,017	2,283
Non-controlling interests		1,144	(1,616)
		<b>3,161</b>	<b>667</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 comprehensive income  
for the three months ended 31 March 2021

*(All amounts in millions of Rubles)*

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Profit for the period</b>	<b>3,161</b>	<b>667</b>
<b>Other comprehensive income / (loss)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation reserve arising on net investment in foreign operations	<b>861</b>	5,791
Income tax benefit / (expense)	-	-
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>861</b>	5,791
<b>Total comprehensive income / (loss) for the period, net of tax</b>	<b>4,022</b>	<b>6,458</b>
<b>Attributable to:</b>		
The owners of the Company	<b>3,132</b>	8,012
Non-controlling interests	<b>890</b>	(1,554)
	<b>4,022</b>	<b>6,458</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 financial position  
as of 31 March 2021

(All amounts in millions of Rubles)

	Note	31 March 2021 (unaudited)	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	8	302,528	298,938
Intangible assets	9	115,556	115,774
Deferred income tax assets		1,185	817
Loans and other financial assets	11,13	27,997	27,121
Other non-current assets	7	2,139	2,128
<b>Total non-current assets</b>		<b>449,405</b>	<b>444,778</b>
<b>Current assets</b>			
Inventories	6	7,274	7,318
Trade and other receivables		20,850	20,860
Other current assets	7	13,722	12,067
Current income tax assets		977	1,135
Loans and other financial assets	11,13	31,415	33,720
Cash and cash equivalents	12	14,593	12,302
<b>Total current assets</b>		<b>88,831</b>	<b>87,402</b>
<b>Assets classified as held for sale</b>		<b>17</b>	<b>–</b>
<b>Total assets</b>		<b>538,253</b>	<b>532,180</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity owners of the Company		153,241	119,082
Non-controlling interests	10	8,098	38,235
<b>Total equity</b>		<b>161,339</b>	<b>157,317</b>
<b>Non-current liabilities</b>			
Trade and other payables		2,095	2,059
Debt and other financial liabilities	11,13	253,290	223,008
Provisions		3,570	3,685
Deferred income tax liabilities		4,792	4,549
Other non-current liabilities	7	1,512	486
<b>Total non-current liabilities</b>		<b>265,259</b>	<b>233,787</b>
<b>Current liabilities</b>			
Trade and other payables		71,437	86,100
Debt and other financial liabilities	11,13	19,816	38,341
Provisions		2,633	2,042
Current income tax payables		1,835	835
Other current liabilities	7	15,934	13,758
<b>Total current liabilities</b>		<b>111,655</b>	<b>141,076</b>
<b>Total equity and liabilities</b>		<b>538,253</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 three months ended 31 March 2021

(All amounts in millions of Rubles)

	Attributable to the owners of the Company						Total	Non-controlling interests	Total equity
	Note	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve			
<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		–	–	–	2,017	–	2,017	1,144	3,161
Other comprehensive income / (loss)		–	–	–	–	1,115	1,115	(254)	861
<b>Total comprehensive income / (loss)</b>		–	–	–	<b>2,017</b>	<b>1,115</b>	<b>3,132</b>	<b>890</b>	<b>4,022</b>
Transactions under common control (purchase of non-controlling interests without a change of control)	10	–	–	31,027	–	–	31,027	(31,027)	–
<b>As of 31 March 2021 (unaudited)</b>		<b>3</b>	<b>40,234</b>	<b>63,012</b>	<b>114,585</b>	<b>(64,593)</b>	<b>153,241</b>	<b>8,098</b>	<b>161,339</b>

Interim consolidated statement of changes in equity  
for the three months ended 31 March 2020

(All amounts in millions of Rubles)

	Attributable to the owners of the Company						Total	Non-controlling interests	Total equity
		Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve			
<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		–	–	–	2,283	–	2,283	(1,616)	667
Other comprehensive income / (loss)		–	–	–	–	5,729	5,729	62	5,791
<b>Total comprehensive income / (loss)</b>		–	–	–	<b>2,283</b>	<b>5,729</b>	<b>8,012</b>	<b>(1,554)</b>	<b>6,458</b>
<b>As of 31 March 2020 (unaudited)</b>		<b>3</b>	<b>40,234</b>	<b>37,458</b>	<b>124,877</b>	<b>(56,230)</b>	<b>146,342</b>	<b>(1,820)</b>	<b>144,522</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 three months ended 31 March 2021

(All amounts in millions of Rubles)

	Note	Three months ended 31 March	
		2021	2020
<b>Operating activities</b>			
Profit for the period		3,161	667
Income tax expense	5	2,071	1,223
<b>Profit before tax</b>		<b>5,232</b>	<b>1,890</b>
<b>Non-cash adjustments to reconcile profit before tax to net cash flows from operating activities:</b>			
Depreciation	8	18,907	17,938
Impairment loss / (reversal of impairment loss)		83	(68)
Amortization	9	2,514	2,930
Loss on disposal of non-current assets		376	252
Finance income		(469)	(1,098)
Finance costs		5,593	6,783
Other non-operating gain, net	4	(193)	(3,979)
Foreign exchange (gain) / loss, net		(506)	8,393
Changes in provisions and other movements		584	829
<b>Operating cash flows before working capital adjustments, interest and income taxes</b>		<b>32,121</b>	<b>33,870</b>
<b>Working capital adjustments</b>			
Decrease / (increase) in trade and other receivables		(1,055)	(1,806)
Decrease / (increase) in inventories		89	1,661
Increase / (decrease) in trade and other payables		(7,396)	(428)
<b>Interest and income taxes</b>			
Interest paid		(5,511)	(6,573)
Interest received		217	792
Income tax paid		(1,057)	(1,076)
<b>Net cash flows from operating activities</b>		<b>17,408</b>	<b>26,440</b>
<b>Investing activities</b>			
Purchase of property, equipment and intangible assets		(23,158)	(16,808)
Proceeds from sale of property, equipment and intangible assets		58	117
Issue of loans		–	(17,158)
Repayment of loans issued	13	2,757	5,186
Inflows / (outflows) from investments in other financial assets		15	(700)
Inflows from deposits		56	31
Acquisition of subsidiary net of cash acquired		(27)	–
<b>Net cash flows used in investing activities</b>		<b>(20,299)</b>	<b>(29,332)</b>
<b>Financing activities</b>			
Proceeds from borrowings	13	27,922	–
Repayment of borrowings	13	(19,960)	(414)
Repayment of lease liabilities		(3,379)	(3,497)
<b>Net cash flows from / (used in) financing activities</b>		<b>4,583</b>	<b>(3,911)</b>
<b>Net change in cash and cash equivalents</b>		<b>1,692</b>	<b>(6,803)</b>
<b>Effect of exchange rate changes on cash and cash equivalents, net</b>		<b>599</b>	<b>4,484</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>14,593</b>	<b>29,179</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 31 March 2021 and for the three months ended 31 March 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 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 31 March 2021, the Company operated telecommunication services in Russia, Kazakhstan, Uzbekistan 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 gain / (loss), net recognized in the consolidated income statement for the three months ended 31 March 2021 and 31 March 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 months ended 31 March 2021 and 31 March 2020.

The interim condensed consolidated financial statements of the Company as of 31 March 2021 and for the three months ended 31 March 2021 were authorized for issue by the General Director of PJSC “VimpelCom” on 17 May 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”. 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.

Financial information by reportable segment for the three months ended 31 March 2021 and 31 March 2020 is presented in the following tables.

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements  
as of 31 March 2021 and for the three months ended 31 March 2021

(All amounts in millions of Rubles unless otherwise stated)

2. Segment information (continued)

Information by reportable segments for the three months ended 31 March 2021

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	60,625	8,593	3,345	733	(12)	73,284
including:						
- Mobile	50,855	7,858	3,328	732	(3)	62,770
- Fixed	9,770	735	17	1	(9)	10,514
Sale of equipment and accessories	7,178	244	–	–	–	7,422
Other revenue	320	41	6	5	(4)	368
<b>Total operating revenue</b>	<b>68,123</b>	<b>8,878</b>	<b>3,351</b>	<b>738</b>	<b>(16)</b>	<b>81,074</b>
- External customers	68,104	8,876	3,346	726	22	81,074
- Inter-segment	19	2	5	12	(38)	–
<b>EBITDA</b>	<b>25,528</b>	<b>4,216</b>	<b>1,660</b>	<b>190</b>	<b>(57)</b>	<b>31,537</b>
<b>Capital expenditures*</b>	<b>15,082</b>	<b>1,447</b>	<b>666</b>	<b>109</b>	<b>–</b>	<b>17,304</b>
<b>(Impairment) / reversal of impairment of assets</b>	<b>(92)</b>	<b>17</b>	<b>–</b>	<b>(8)</b>	<b>–</b>	<b>(83)</b>

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

Information by reportable segments for the three months ended 31 March 2020

	Russia	Kazakhstan	Uzbekistan	Other operating companies	Eliminations and other	Group
<b>Revenue</b>						
Service revenue	61,629	7,253	3,608	2,348	(112)	74,726
including:						
- Mobile	52,517	6,692	3,586	1,933	(50)	64,678
- Fixed	9,112	561	22	415	(62)	10,048
Sale of equipment and accessories	5,507	57	2	71	–	5,637
Other revenue	444	67	21	14	(10)	536
<b>Total operating revenue</b>	<b>67,580</b>	<b>7,377</b>	<b>3,631</b>	<b>2,433</b>	<b>(122)</b>	<b>80,899</b>
- External customers	67,510	7,373	3,621	2,367	28	80,899
- Inter-segment	70	4	10	66	(150)	–
<b>EBITDA</b>	<b>27,295</b>	<b>3,643</b>	<b>1,687</b>	<b>837</b>	<b>(421)</b>	<b>33,041</b>
<b>Capital expenditures*</b>	<b>11,653</b>	<b>2,857</b>	<b>356</b>	<b>750</b>	<b>–</b>	<b>15,616</b>
<b>Reversal of impairment / (impairment) of assets</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”).

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements  
as of 31 March 2021 and for the three months ended 31 March 2021

(All amounts in millions of Rubles unless otherwise stated)

**2. Segment information (continued)**

The following table provides the reconciliation of consolidated EBITDA to consolidated profit for the three months ended 31 March 2021 and 31 March 2020:

	Three months ended 31 March	
	2021	2020
<b>EBITDA</b>	<b>31,537</b>	<b>33,041</b>
Depreciation	(18,907)	(17,938)
Amortization	(2,514)	(2,930)
(Impairment loss) / reversal of impairment loss	(83)	68
Loss on disposal of non-current assets	(376)	(252)
Finance costs	(5,593)	(6,783)
Finance income	469	1,098
Other non-operating gain, net	193	3,979
Net foreign exchange gain / (loss), net	506	(8,393)
Income tax expense	(2,071)	(1,223)
<b>Profit for the period</b>	<b>3,161</b>	<b>667</b>

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

Selling, general and administrative expenses for the three months ended 31 March 2021 and 31 March 2020 consisted of the following:

	Three months ended 31 March	
	2021	2020
Personnel costs	9,004	8,252
Network and IT costs	5,706	6,058
Customer associated costs	4,530	4,946
Taxes other than income tax	1,301	1,550
Services costs and variable part of the other lease payments	1,039	1,065
Consulting and professional service costs	434	752
Losses on receivables	97	1,104
Other general and administrative expenses	1,183	1,007
<b>Total</b>	<b>23,294</b>	<b>24,734</b>

**4. Other non-operating gain, net**

Other non-operating gain, net for the three months ended 31 March 2021 and 31 March 2020 consisted of the following:

	Three months ended 31 March	
	2021	2020
Other gain / (loss), net	193	(21)
Changes in the fair value of non-hedge derivatives*	–	4,000
<b>Total other non-operating gain, net</b>	<b>193</b>	<b>3,979</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.

## Public Joint Stock Company “Vimpel-Communications”

### Notes to the unaudited interim condensed consolidated financial statements as of 31 March 2021 and for the three months ended 31 March 2021

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

#### 5. 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 months ended 31 March 2021 and 31 March 2020:

	Three months ended 31 March	
	2021	2020
<b>Profit before tax</b>	<b>5,232</b>	1,890
Current income tax	(2,221)	(855)
Deferred income tax	150	(368)
<b>Income tax expense reported in the interim consolidated income statement</b>	<b>(2,071)</b>	(1,223)
<b>Effective tax rates</b>	<b>40%</b>	65%

The difference between the statutory tax rate of 20.0% in Russia and the effective corporate income tax rate of 40% for the Group in the three-month period ending 31 March 2021 was primarily driven by changes in provisions for uncertain income tax positions in the amount of RUB 1,322 which mostly related to Russia and Kyrgyzstan net of changes in deferred tax of RUB (327) accrued in Kazakhstan and RUB 260 accrued in Russia.

The difference between the statutory tax rate of 20.0% in Russia and the effective corporate income tax rate of 65% for the Group in the three-month period ending 31 March 2020 was primarily driven by loss in Georgia amounting to RUB 4,082 affecting profit before tax. No deferred tax was recognized on the loss according to tax model accepted in Georgia.

#### 6. Inventories

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

	31 March	31 December
	2021	2020
Telephone handsets and accessories for sale	7,540	7,683
SIM-Cards	442	373
Other inventories	144	173
Obsolescence allowance	(852)	(911)
<b>Total</b>	<b>7,274</b>	7,318

Public Joint Stock Company “Vimpel-Communications”

Notes to the unaudited interim condensed consolidated financial statements  
as of 31 March 2021 and for the three months ended 31 March 2021

(All amounts in millions of Rubles unless otherwise stated)

**7. Other assets and liabilities**

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

	31 March 2021	31 December 2020
<b>Other non-current assets</b>		
Customer acquisition costs	2,057	2,086
Deferred costs related to connection fees	50	13
Other non-current assets	32	29
<b>Total other non-current assets</b>	<b>2,139</b>	<b>2,128</b>
<b>Other current assets</b>		
Input value added tax	6,930	7,351
Advances to suppliers	4,207	3,612
Prepaid taxes	2,114	871
Deferred costs related to connection fees	452	101
Other current assets	19	132
<b>Total other current assets</b>	<b>13,722</b>	<b>12,067</b>

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

	31 March 2021	31 December 2020
<b>Other non-current liabilities</b>		
Long-term deferred revenue	160	171
Other non-current liabilities	1,352	315
<b>Total other non-current liabilities</b>	<b>1,512</b>	<b>486</b>
<b>Other current liabilities</b>		
Amounts due to employees	5,867	4,204
Taxes payable (non-income tax)	5,276	4,244
Customer advances	2,415	2,866
Short-term deferred revenue	2,376	2,444
<b>Total other current liabilities</b>	<b>15,934</b>	<b>13,758</b>

**Investing activities of the Group**

**8. Property and equipment**

During the three months ended 31 March 2021 and 31 March 2020, the Company had the following changes in property and equipment:

	Three months ended 31 March	
	2021	2020
<b>Net book value as of 1 January</b>	<b>298,938</b>	<b>278,147</b>
Additions*	22,339	13,448
Net book value of assets disposed	(355)	(520)
Depreciation charge	(18,907)	(17,938)
(Impairment) / reversal of impairment	(67)	68
Translation adjustment	597	4,476
Assets classified as assets held for sale	(17)	–
<b>Net book value as of 31 March</b>	<b>302,528</b>	<b>277,681</b>

\* Including additions of right-of-use assets during the three months ended 31 March 2021 in the amount of RUB 7,073 (2020: RUB 1,630).

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

#### 9. Intangible assets

During the three months ended 31 March 2021 and 31 March 2020, the Company had the following changes in intangible assets:

	Three months ended 31 March 2021			Three months ended 31 March 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	2,038	–	2,038	3,798	–	3,798
Net book value of assets disposed	–	–	–	(26)	–	(26)
Acquisition of subsidiary	–	30	30	–	–	–
Amortization charge	(2,514)	–	(2,514)	(2,930)	–	(2,930)
Impairment	(16)	–	(16)	–	–	–
Translation adjustment	141	103	244	527	574	1,101
<b>Net book value as of 31 March</b>	<b>26,214</b>	<b>89,342</b>	<b>115,556</b>	28,184	93,790	121,974

The movements in goodwill for the Group, per cash generating unit (“CGU”), consisted of the following items for the three-month period ended 31 March 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 subsidiary	30	–	–	30
Currency translation adjustment	–	71	32	103
<b>31 March 2021</b>	<b>83,581</b>	<b>4,432</b>	<b>1,329</b>	<b>89,342</b>

#### 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 nil RUB). 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 book value of non-controlling interests as of 15 February 2021 (positive value of RUB 31,027) and the cost of acquisition (1 USD (the equivalent of nil RUB)) will be 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.

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(All amounts in millions of Rubles unless otherwise stated)

**Financing activities of the Group**

**11. Financial assets and liabilities**

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

	Note	31 March 2021	31 December 2020
<b>Loans and other financial assets</b>			
<b>At amortized cost</b>			
- Loans granted to related parties, principal amount	13	56,099	57,776
- Loans granted to related parties, interest receivable		487	221
Loans granted to related parties		<u>56,586</u>	<u>57,997</u>
Loans granted to owners of the non-controlling interests		2,022	1,975
Other financial assets		804	869
<b>Total loans and other financial assets</b>		<u>59,412</u>	<u>60,841</u>
- Non-current		27,997	27,121
- Current		<u>31,415</u>	<u>33,720</u>

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

	Note	31 March 2021	31 December 2020
<b>Debt and other financial liabilities</b>			
<b>At amortized cost</b>			
- Loans payables to related parties, principal amount	13	169,355	142,318
- Loans payables to related parties, interest payable		2,449	2,275
Loans payables to related parties		<u>171,804</u>	<u>144,593</u>
- Bonds, principal amount		701	20,057
- Bonds, interest payable		14	631
- Unamortised fees on bonds		-	(10)
Bonds		<u>715</u>	<u>20,678</u>
- Bank loans, principal amount		1,784	886
- Bank loans, interest payable		15	5
Bank loans		<u>1,799</u>	<u>891</u>
Lease liabilities		98,756	95,091
Other financial liabilities		32	96
<b>Total debt and other financial liabilities</b>		<u>273,106</u>	<u>261,349</u>
- Non-current		253,290	223,008
- Current		<u>19,816</u>	<u>38,341</u>

There were no significant changes in financial assets and liabilities in the three-month period ended 31 March 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.

# Public Joint Stock Company “Vimpel-Communications”

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(All amounts in millions of Rubles unless otherwise stated)

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

#### Bonds

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

<b>Borrower</b>	<b>Type of bonds</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Currency</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
PJSC “VimpelCom”	Ruble bonds	5.55%	2025	RUB	<b>488</b>	488
PJSC “VimpelCom”	Ruble bonds	6.20%	2022	RUB	<b>213</b>	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					<b>488</b>	701
- Current portion					<b>213</b>	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 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 13.

#### Fair values

As of 31 March 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 168,015 (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 2,018 (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 31 March 2021 and 31 December 2020, all of the Group’s financial instruments carried at fair value in the statement of financial position 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.

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 three months ended 31 March 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 31 March 2021 and 31 December 2020:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Cash and cash equivalents at banks and on hand	<b>9,967</b>	9,259
Short-term deposits with an original maturity of less than three months	<b>4,626</b>	3,043
<b>Total cash and cash equivalents</b>	<b>14,593</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 31 March 2021 and 31 December 2020, there were no restricted cash and cash equivalent balances.

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**Additional information**

**13. Related parties**

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

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 31 March	
	2021	2020
Revenue from VEON Ltd. and its subsidiaries:		
- Revenue from Teta Telecom and its subsidiaries	385	332
- Revenue from Kyivstar	116	63
- Revenue from VEON Ltd. and its other subsidiaries	207	145
	<b>708</b>	<b>540</b>
Services from VEON Ltd. and its subsidiaries:		
- Services from Teta Telecom and its subsidiaries	904	112
- Services from Kyivstar	182	826
- Services from VEON Ltd. and its other subsidiaries	1,607	1,609
	<b>2,693</b>	<b>2,547</b>
Finance income from VEON Ltd. and its subsidiaries	414	834
Finance costs from VEON Ltd. and its subsidiaries	3,113	4,708
Other gain from VEON Ltd. and its subsidiaries, net	1	2
	<b>As of 31 March 2021</b>	<b>As of 31 December 2020</b>
Accounts receivable from VEON Ltd. and its subsidiaries:		
- Accounts receivable from Teta Telecom and its subsidiaries	561	597
- Accounts receivable from Kyivstar	63	61
- Accounts receivable from VEON Ltd. and its other subsidiaries	549	482
Accounts receivable from other related parties	4	4
	<b>1,177</b>	<b>1,144</b>
Accounts payable to VEON Ltd. and its subsidiaries:		
- Accounts payable to Teta Telecom and its subsidiaries	340	198
- Accounts payable to Kyivstar	65	88
- Accounts payable to VEON Ltd. and its other subsidiaries	13,237	19,367
Accounts payable to other related parties	2	–
	<b>13,644</b>	<b>19,653</b>
Loans granted to VEON Ltd. and its subsidiaries	56,099	57,776
Interest receivable from VEON Ltd. and its subsidiaries	487	221
Loans received from VEON Ltd. and its subsidiaries	169,355	142,318
Interest payable to VEON Ltd. and its subsidiaries	2,449	2,275

# Public Joint Stock Company “Vimpel-Communications”

## Notes to the unaudited interim condensed consolidated financial statements as of 31 March 2021 and for the three months ended 31 March 2021

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### 13. Related parties (continued)

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

As of 31 March 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	31 March 2021	31 December 2020
Golden Telecom Inc.	VEON Holdings B.V.	27 Oct. 2020	Oct. 2024	3.0%	USD	27,253	26,595
PJSC “VimpelCom” <sup>1</sup>	VEON Holdings B.V.	13 Dec. 2017	< 3 months	8.0%	RUB / USD	11,214	13,964
Golden Telecom Inc.	VEON Holdings B.V.	31 Jan. 2018	On demand	LIBOR+0.70%	USD	10,833	10,579
VIP Kazakhstan Holding AG	VEON Holdings B.V.	21 Dec. 2020	Dec. 2021	3.0%	USD	5,540	5,407
Clafdor Investments Ltd.	VEON Micro Holdings B.V.	4 Jun. 2018	On demand	LIBOR+0.60%	USD	801	781
KaR-Tel, LLP	TNS-Plus	2007-2011	2020–2021	9.46%	KZT	395	388
VEON Eurasia S.à r.l.	VEON Holdings B.V.	31 Mar. 2017	On demand	LIBOR+0.65%	USD	63	62
<b>Total</b>						<b>56,099</b>	<b>57,776</b>

<sup>1</sup> For the three months ended 31 March 2021, VEON Holdings B.V. repaid the equivalent of RUB 2,750 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia). In April and May 2021, VEON Holdings B.V. repaid the equivalent of RUB 3,750 (as of the date of each transaction at the exchange rate provided by the Central Bank of Russia).

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

As of 31 March 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	31 March 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	–
VEON Holdings B.V. <sup>2</sup>	PJSC “VimpelCom”	11 Oct. 2017	Oct., 2022	125% of the key rate	RUB	15,000	15,000
Sovintel Group, LLC	PJSC “VimpelCom”	23 Nov. 2009	Nov., 2022	1.00%	RUB	10,454	10,454
VEON Holdings B.V. <sup>2</sup>	PJSC “VimpelCom”	9 Aug. 2017	Aug., 2022	125% of the key rate	RUB	9,454	9,454
Kubtelecom, LLC	PJSC “VimpelCom”	2 Aug. 2010	Aug., 2022	7.50%	RUB	2,310	2,310
<b>Total</b>						<b>169,355</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> 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.

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

Outstanding balances at period-end are unsecured, settlements occur in cash. During the three months ended 31 March 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 31 March 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 31 March 2021 and 31 December 2020.

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#### 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 three-month period ended 31 March 2021.

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

On 29 June 2011, VEON Holdings B.V., a subsidiary owned by VEON Ltd., completed an offering of an aggregate principal amount of USD 2,200 million notes (the equivalent of RUB 62,117 as of 29 June 2011 at the exchange rate provided by the Central Bank of Russia) split between three-, five- and ten-year tranches, with an annual interest rates range of LIBOR plus 4.0% - 7.50%. The Company guaranteed these notes issues. On 2 April 2015, 19 June 2017, 29 June 2017 and 31 December 2018, VEON Holdings B.V. partially repurchased its notes. As of 31 March 2021 and 31 December 2020, the outstanding principal amount under the notes was USD 417 million (the equivalent of RUB 31,568 as of 31 March 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

##### Transactions 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% stake 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. have agreed that the outstanding consideration of USD 235 million under the Agreement shall be deemed to be a loan. The effect of the acquisition is detailed below:

<b>Consideration payable as of 8 April 2021 (USD 235 million)</b>	<b>Amount</b> <b>(18,277)</b>
<b>Recognition of assets:</b>	
- Property and equipment	2,714
- Intangible assets	498
- Trade and other receivables due from PJSC “VimpelCom”	1,016
- Trade and other receivables due from other companies	179
- Loans granted to PJSC “VimpelCom”, principal amount	12,764
- Loans granted to PJSC “VimpelCom”, interest receivable	1,753
- Other assets	589
- Cash and cash equivalents	431
	<b>19,944</b>
<b>Recognition of liabilities:</b>	
- Lease liabilities	(878)
- Trade and other payables due to PJSC “VimpelCom”	(117)
- Trade and other payables due to other companies	(243)
- Other liabilities	(598)
	<b>(1,836)</b>
Recognition of non-controlling interests	<b>(1,029)</b>
<b>Effect of the acquisition</b>	<b>(1,198)</b>

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

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

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

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

##### **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.