Special purpose
Unaudited interim condensed
consolidated financial statements

VEON Holdings B.V.
(a wholly-owned subsidiary of
VEON Ltd.)

As of and for the six and three-month periods
ended June 30, 2023

Notice to Reader: VEON's results presented in these financial statements are, unless otherwise stated, prepared in accordance with International Financial Reporting Standards as adopted by IASB ("IFRS-IASB") based on internal management reporting, are the responsibility of management, and have not been externally audited, reviewed, or verified.

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the six and three-month periods ended June 30:

		Six-month period		Three-month period	
(In millions of U.S. dollars, except per share amounts)	**Note**	**2023**	**2022***	**2023**	**2022***
Service revenues		1,734	1,844	882	919
Sale of equipment and accessories		7	14	3	6
Other revenue		58	67	30	32
Total operating revenues	2	**1,799**	**1,925**	**915**	**957**
Other operating income		1	1	1	—
Service costs		(220)	(222)	(107)	(114)
Cost of equipment and accessories		(7)	(15)	(3)	(6)
Selling, general and administrative expenses		(703)	(708)	(353)	(335)
Depreciation		(268)	(287)	(136)	(145)
Amortization		(103)	(102)	(51)	(49)
Impairment (loss) / reversal		10	(29)	7	(10)
Gain / (loss) on disposal of non-current assets		—	1	(1)	(1)
Gain / (loss) on disposal of subsidiaries		—	(25)	3	(26)
Operating profit		**509**	**539**	**275**	**271**
Finance costs		(302)	(302)	(149)	(144)
Finance income		73	21	35	11
Other non-operating gain / (loss)		14	5	12	(7)
Net foreign exchange gain / (loss)		10	166	58	52
Profit before tax from continuing operations		**304**	**429**	**231**	**183**
Income taxes	3	(60)	(42)	(40)	(71)
Profit from continuing operations		**244**	**387**	**191**	**112**
Profit / (loss) after tax from discontinued operations	5	470	(194)	123	140
Profit for the period		**714**	**193**	**314**	**252**
Attributable to:					
The owners of the parent (continuing operations)		206	384	654	32
The owners of the parent (discontinued operations)		470	(283)	(361)	172
Non-controlling interest		38	92	21	48
		714	**193**	**314**	**252**

* *Prior period comparatives adjusted following the classification of Russia as a discontinued operation (see Note 5).*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six and three-month periods ended June 30:

		Six-month period		Three-month period	
(In millions of U.S. dollars)	**Note**	**2023**	**2022**	**2023**	**2022**
Profit / (loss) for the period		**714**	**193**	**314**	**252**
Items that may be reclassified to profit or loss					
Foreign currency translation	4	(382)	(71)	(169)	174
Other		—	—	(1)	3
Items that will not be reclassified to profit or loss					
Other		(2)	41	(2)	41
Other comprehensive income / (loss), net of tax		**(384)**	**(30)**	**(172)**	**218**
Total comprehensive income / (loss), net of tax		**330**	**163**	**142**	**470**
Attributable to:					
The owners of the parent		292	108	123	430
Non-controlling interests		38	55	19	40
		330	**163**	**142**	**470**
Total comprehensive income / (loss) for the period, net of tax from:					
Continuing operations		110	251	158	78
Discontinued operations	5	220	(88)	(16)	392
		330	**163**	**142**	**470**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of

(In millions of U.S. dollars)	Note	June 30, 2023	December 31, 2022
Assets			
Non-current assets			
Property and equipment	6	2,781	2,892
Intangible assets	7	1,654	1,953
Investments and derivatives	8	1,472	1,431
Deferred tax assets		299	273
Other assets		146	157
Total non-current assets		**6,352**	**6,706**
Current assets			
Inventories		19	18
Trade and other receivables		559	561
Investments and derivatives	8	392	592
Current income tax assets		55	70
Other assets		189	200
Cash and cash equivalents	9	2,427	3,077
Total current assets		**3,641**	**4,518**
Assets classified as held for sale	5	4,793	5,796
Total assets		**14,786**	**17,020**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		2,401	2,109
Non-controlling interests		206	198
Total equity		**2,607**	**2,307**
Non-current liabilities			
Debt and derivatives	8	3,852	5,382
Provisions		46	47
Deferred tax liabilities		20	36
Other liabilities		24	20
Total non-current liabilities		**3,942**	**5,485**
Current liabilities			
Trade and other payables		1,039	1,126
Debt and derivatives	8	1,934	3,171
Provisions		44	50
Current income tax payables		159	179
Other liabilities		419	453
Total current liabilities		**3,595**	**4,979**
Liabilities associated with assets held for sale	5	4,642	4,249
Total equity and liabilities		**14,786**	**17,020**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-month period ended June 30, 2023

(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
		Attributable to equity owners of the parent								
As of December 31, 2022		**30,099,998**	**39**	**13,028**	**(2,654)**	**(1,694)**	**(6,610)**	**2,109**	**198**	**2,307**
Profit / (loss) for the period		—	—	—	—	676	—	676	38	714
Other comprehensive income / (loss)		—	—	—	(2)	(2)	(380)	(384)	—	(384)
Total comprehensive income / (loss)		—	—	—	(2)	674	(380)	292	38	330
Dividends declared	10	—	—	—	—	—	—	—	(30)	(30)
Other		—	—	—	2	(2)	—	—	—	—
As of June 30, 2023		**30,099,998**	**39**	**13,028**	**(2,654)**	**(1,022)**	**(6,990)**	**2,401**	**206**	**2,607**

for the six-month period ended June 30, 2022

(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
		Attributable to equity owners of the parent								
As of December 31, 2021		**30,099,998**	**39**	**13,028**	**(2,626)**	**(1,729)**	**(6,731)**	**1,981**	**913**	**2,894**
Profit / (loss) for the period		—	—	—	—	101	—	101	92	193
Transfer from OCI to income statement on disposal of subsidiary (reclassification adjustments)		—	—	—	—	148	(107)	41	—	41
Other comprehensive income / (loss) (excluding reclassification adjustments)		—	—	—	—	—	(34)	(34)	(37)	(71)
Total comprehensive income / (loss)		—	—	—	—	249	(141)	108	55	163
Dividends declared	10	—	—	—	—	—	—	—	(11)	(11)
Changes in ownership interest in a subsidiary that do not result in a loss of control		—	—	—	(2)	—	—	(2)	2	—
Other		—	—	—	(6)	(3)	4	(5)	5	—
As of June 30, 2022		**30,099,998**	**39**	**13,028**	**(2,634)**	**(1,483)**	**(6,868)**	**2,082**	**964**	**3,046**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six-month period ended June 30

		Six-month period	
(In millions of U.S. dollars)	**Note**	**2023**	**2022***
Operating activities			
Profit / (loss) before tax		304	429
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		361	418
(Gain) / loss on disposal of non-current assets		—	(1)
(Gain) / loss on disposal of subsidiaries		—	25
Finance costs		302	302
Finance income		(73)	(21)
Other non-operating (gain) / loss		(14)	(5)
Net foreign exchange (gain) / loss		(10)	(166)
Changes in trade and other receivables and prepayments		(66)	(51)
Changes in inventories		(9)	(2)
Changes in trade and other payables		3	(43)
Changes in provisions, pensions and other		60	4
Interest paid		(284)	(247)
Interest received		40	15
Income tax paid		(129)	(182)
Net cash flows from operating activities from continuing operations		**485**	**475**
Net cash flows from operating activities from discontinued operations		**630**	**800**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(402)	(705)
Loans granted		(54)	—
Receipts from / (payment on) deposits		(39)	(40)
Receipts from / (investment in) financial assets		(9)	(15)
Acquisition of a subsidiary, net of cash acquired		—	2
Proceeds from sales of share in subsidiaries, net of cash		(1)	42
Other proceeds from investing activities, net		2	(111)
Net cash flows from / (used in) investing activities from continuing operations		**(503)**	**(827)**
Net cash flows from / (used in) investing activities from discontinued operations		**(372)**	**(565)**
Financing activities			
Proceeds from borrowings, net of fees paid**	8	82	1,954
Repayment of debt		(700)	(1,496)
Dividends paid to non-controlling interests		—	(7)
Net cash flows from / (used in) financing activities from continuing operations		**(618)**	**451**
Net cash flows from / (used in) financing activities from discontinued operations		**(153)**	**(145)**
Net (decrease) / increase in cash and cash equivalents		(531)	189
Net foreign exchange difference related to continuing operations		(23)	(15)
Net foreign exchange difference related to discontinued operations		(19)	(7)
Cash and cash equivalents classified as held for sale at the beginning of the period		146	113
Cash and cash equivalents classified as held for sale at the end of the period		(223)	(163)
Cash and cash equivalents at beginning of period, net of overdrafts		3,077	2,157
Cash and cash equivalents at end of period, net of overdrafts* **	**9**	**2,427**	**2,274**

* *Prior period comparatives are adjusted following the classification of Russia as a discontinued operation (see Note 5).*

** *Fees paid for borrowings were US$12 (2022: US$8).*

*** *Overdrawn amount was US$0 (2022: US$0)*

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

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

VEON Holdings B.V. ("VEON", the "Company" and together with its consolidated subsidiaries, the "Group" or "we") was established as a private company with limited liability under the laws of the Netherlands on June 29, 2009. The registered office and principal place of business of VEON is located at Claude Debussylaan 88, 1082 MD Amsterdam, the Netherlands. The Company is an indirectly wholly-owned subsidiary of VEON Ltd.

VEON generates revenue from the provision of voice, data and other telecommunication services through a range of wireless, fixed and broadband internet services, as well as selling equipment, infrastructure and accessories.

The special purpose unaudited interim condensed consolidated financial statements were authorized by the Directors for issuance on August 29, 2023. The Company has the ability to amend and reissue the consolidated financial statements.

The special purpose unaudited interim condensed consolidated financial statements are presented in United States dollars ("U.S. dollar" or "US$"). In these notes, U.S. dollar amounts are presented in millions, unless otherwise indicated.

Due to the ongoing conflict between Russia and Ukraine, material uncertainties have been identified that may cast significant doubt on the Company's ability to continue as a going concern which are discussed in detail in Note 14 of these consolidated financial statements.

Major developments during the six-month period ended June 30, 2023

VEON's Scheme of creditors

Following the announcement made by VEON on November 24, 2022 to launch a scheme of arrangement to extend the maturity of the 2023 Notes, the initial proposed scheme was amended on January 11, 2023 and on January 24, 2023, the Scheme Meeting was held and the amended Scheme was approved by 97.59% of the Scheme creditors present and voting.

On January 30, 2023, VEON announced that the Scheme Sanction Hearing had taken place, at which the Court made an order sanctioning the Scheme in respect of VEON Holdings' 2023 Notes (the "Order"). On January 31, 2023, VEON confirmed that the Order had been delivered to the Registrar of Companies. The amendments to the 2023 Notes were subject to the receipt of relevant licenses to become effective, at which time the maturity dates of the February 2023 and April 2023 notes would be amended to October and December 2023, respectively.

On April 3, 2023, VEON announced that each of the conditions has been satisfied in accordance with the terms of the Scheme, including receipt of all authorizations and/or licenses necessary to implement the amendments to the 2023 Notes (as set out in the Scheme). On April 4, 2023, the Scheme became effective.

Pursuant to the amendments, Noteholders were entitled to payment of an amendment fee of 200bps payable on the 2023 Notes outstanding on their respective amended maturity dates and a put right was granted requiring VEON Holdings to repurchase 2023 Notes held by 2023 Noteholders exercising such right, at a purchase price of 102% of the principal amount ("2023 Put Option"), together with accrued and unpaid interest. The 2023 Put Option closed on April 19, 2023 with holders of US$165 of the October 2023 Notes and holders of US$294 of the December 2023 Notes exercising the Put Option.

On April 20, 2023, VEON announced that subject to the terms of the 2023 Put Option, VEON Holdings will pay to the Holders of Notes accepted for purchase the Repurchase Price for their Notes on April 26, 2023. For further details, refer to Note 8.

U.S. Treasury expands general license to include both VEON Ltd. and VEON Holdings B.V.

On January 18, 2023, VEON announced that the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) replaced the General License 54 originally issued on November 18, 2022 with General License 54A to now include both VEON Ltd. and VEON Holdings B.V. (VEON Holdings).

This general license authorizes all transactions ordinarily incident and necessary to the purchase and receipt of any debt or equity securities of VEON Ltd. or VEON Holdings B.V. that would otherwise be prohibited by section 1(a)(i) of Executive Order (E.O.) 14071. OFAC General License 54A applies to all debt and equity securities of VEON Ltd. or VEON Holdings B.V. that were issued before June 6, 2022, and confirms that the authorization applies not only to the purchase and receipt of debt and equity securities, but also to transactions ordinarily incident and necessary to facilitating, clearing, and settling of such transactions. This General License ensures that all market participants can trade the relevant securities with confidence that such trading is consistent with E.O. 14071, which targeted "new investment" in Russia.

Update on announced sale of Russian operations

On February 7, 2023, the Sub-Commission of the Government Commission for Control over Foreign Investments in the Russian Federation issued its approval of the proposed sale of VEON's Russian operations to certain senior members of the management of PJSC VimpelCom ("VimpelCom").

On April 15, 2023, OFAC issued a license authorizing U.S. persons to engage in all transactions ordinarily incident and necessary to the divestment of VimpelCom. In addition to this OFAC license, VEON has also determined that it has the requisite authorizations required by the UK and Bermudan authorities to proceed with the divestment of VimpelCom. VEON does not believe that a license is required from the EU to execute the sale.

On May 30, 2023, VEON announced that it has submitted all necessary documentation to Euroclear, Clearstream and registrars for cancellation of VEON's Eurobonds held by its subsidiary, PJSC VimpelCom. With this, the Company enters the final stages in the closing of the sale of VEON's Russia operations, which was announced on November 24, 2022. According to the terms of the VEON Bonds (Notes), the registrar is required to cancel the VEON Bonds purchased by a subsidiary of VEON and surrendered to the registrar for cancellation. Both conditions to cancellation have now been met.

VEON continues to classify the Russian operations as held for sale and discontinued operations. Refer to Note 5 for further details.

VEON Management increases ownership

In February 2023, 52,543 common shares, or the equivalent of 2,102 ADSs in VEON Ltd. were transferred to Mr. Joop Brakenhoff from shares held by a subsidiary of VEON Ltd. and 51,504 common shares, or 2,060 ADSs, in VEON Ltd. were withheld to cover local withholding tax for equity-settled awards granted under the 2021 Deferred Share Plan that vested in 2022.

In March 2023, equity-settled awards in VEON Ltd. were grants to five members of VEON's Group Executive Committee ("GEC") under the Short-Term Incentive Scheme (154,876 ADS) and the Long-Term Incentive Plan (643,286 ADS).

Changes in Key Senior Managers of VEON Ltd.

On March 15, 2023, VEON Ltd. announced the appointment of Joop Brakenhoff as Group Chief Financial Officer (CFO) of VEON Ltd., effective from May 1, 2023. Mr. Brakenhoff will replace Serkan Okandan whose three-year contract as Group CFO expired at the end of April 2023. Mr. Okandan will continue to serve VEON as a special advisor to the Group CEO and CFO.

On June 16, 2023, VEON Ltd. announced that Omiyinka Doris has been appointed Group General Counsel of VEON Ltd. in a permanent capacity, effective June 1, 2023, and will continue as a member of the GEC.

Purchase of VEON Group Debt

During the six months ended June 30, 2023, PJSC VimpelCom independently purchased US$1,572 equivalent of VEON Holdings B.V. Notes in order to satisfy certain Russian regulatory obligations. Pursuant to the purchase in 2023, these Notes were reclassified to intercompany debt with the equivalent reduction in gross debt for VEON Group. PJSC VimpelCom has funded the purchase primarily by issuing new notes of longer maturity which is reflected in 'Liabilities Held for Sale' on the interim condensed consolidated statement of financial position.

Bangladesh Telecommunication Regulatory Commission ("BTRC") regulatory audit report

On June 26, 2023, the BTRC released its audit findings and issued a claim of BDT 8,231 million (approximately US$76) which includes BDT 4,307 million (approximately US$40) for interest. The Company is currently reviewing the findings and Banglalink may challenge certain proposed penalties and interest which may result in adjustments to the final amount to be paid by Banglalink. Should Banglalink and the BTRC not be able to reach a mutually agreed position concerning the audit findings, protracted litigation may result. The Company has accrued for amounts of the claim where it considers a cash outflow to be probable.

Change in Board of Directors of VEON Ltd.

On June 29, 2023, at VEON Ltd.'s Annual General Meeting, VEON Ltd. shareholders approved the Board recommended slate of seven directors, including six directors currently serving on the Board – Augie Fabela, Yaroslav Glazunov, Andrei Gusev, Karen Linehan, Morten Lundal and Michiel Soeting – and Kaan Terzioğlu, the Chief Executive Officer (CEO) of the VEON Group.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

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, tax, depreciation, amortization, impairment, gain / loss on disposals of non-current assets, other non-operating gains / losses and share of profit / loss of joint ventures and associates (**"Adjusted EBITDA"**) along with assessing the capital expenditures excluding certain costs such as those for telecommunication licenses and right-of-use assets (**"CAPEX excl. licenses and ROU"**). Management does not analyze assets or liabilities by reportable segments.

Reportable segments In accordance with IFRS 8 consist of Pakistan, Ukraine, Kazakhstan, Uzbekistan and Bangladesh for 2023 (in 2022, Russia was also considered a reportable segment). Following the announcement to sell the Russian operations on November 24, 2022, the Russian operations have, in line with the IFRS 5 requirements, been classified as a discontinued operation and accounted for as an "Asset held for sale". Following the exercise of the related put option on July 1, 2021, the Algerian operations were classified as a discontinued operation and accounted for as an "Asset held for sale", in line with the IFRS 5 requirements, and the sale of our stake in the Algerian operations was completed on August 5, 2022.

We also present our results of operations for "Others" and "HQ and eliminations" separately, although these are not reportable segments. "Others" represents our operations in Kyrgyzstan and "HQ and eliminations" represents transactions related to management activities within the Group. See Note 4 Significant Transactions for details on the sale of our former Georgia operations.

Financial information by reportable segment for the six and three-month periods ended June 30, is presented in the following tables. Inter-segment transactions are not material, and are made on terms which are comparable to transactions with third parties.

For the six-month period ended June 30:

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2023	2022 *	2023	2022 *	2023	2022 *	2023	2022 *	2023	2022 *
Pakistan	493	602	—	—	2	8	45	54	540	664
Ukraine	435	493	26	32	—	—	3	3	464	528
Kazakhstan	279	263	72	27	5	6	7	5	363	301
Uzbekistan	129	108	—	—	—	—	—	—	129	108
Bangladesh	278	288	—	—	—	—	4	5	282	293
Others	26	39	—	—	—	—	—	—	26	39
HQ and eliminations	(2)	(4)	(2)	(4)	—	—	(1)	—	(5)	(8)
Total segments	**1,638**	**1,789**	**96**	**55**	**7**	**14**	**58**	**67**	**1,799**	**1,925**

**Prior year comparatives for the six-month period ended June 30, 2022 are adjusted following the classification of Russia as a discontinued operation (see Note 5).*

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2023	2022 *	2023	2022 *
Pakistan	250	310	50	141
Ukraine	274	326	56	58
Kazakhstan	196	154	42	34
Uzbekistan	56	72	36	40
Bangladesh	105	111	67	105
Others	10	16	4	7
HQ and eliminations	(21)	(8)	(4)	(4)
Total segments	**870**	**981**	**251**	**381**

**Prior year comparatives for the six-month period ended June 30, 2022 are adjusted following the classification of Russia as a discontinued operation (see Note 5).*

For the three-month period ended June 30:

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2023	2022 *	2023	2022 *	2023	2022 *	2023	2022 *	2023	2022 *
Pakistan	247	296	—	—	—	3	23	26	270	325
Ukraine	221	236	13	15	—	—	2	1	236	252
Kazakhstan	145	139	36	15	3	2	4	3	188	159
Uzbekistan	66	55	—	—	—	—	—	—	66	55
Bangladesh	142	146	—	—	—	—	2	2	144	148
Others	13	19	—	—	—	—	—	—	13	19
HQ and eliminations	(1)	(2)	—	—	—	1	(1)	—	(2)	(1)
Total segments	**833**	**889**	**49**	**30**	**3**	**6**	**30**	**32**	**915**	**957**

**Prior year comparatives for the three-month period ended June 30, 2022 are adjusted following the classification of Russia as a discontinued operation (see Note 5).*

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2023	2022 *	2023	2022 *
Pakistan	128	152	35	57
Ukraine	139	155	36	36
Kazakhstan	104	88	26	16
Uzbekistan	28	45	28	36
Bangladesh	55	56	36	54
Others	5	9	3	4
HQ and eliminations	(6)	(3)	(1)	(5)
Total segments	**453**	**502**	**163**	**198**

**Prior year comparatives for the three-month period ended June 30, 2022 are adjusted following the classification of Russia as a discontinued operation (see Note 5).*

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

The following table provides the reconciliation of Profit / (loss) before tax from continuing operations to Total Adjusted EBITDA for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2023	2022 *	2023	2022 *
Profit / (loss) before tax from continuing operations	**304**	**429**	**231**	**183**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA				
Depreciation	268	287	136	145
Amortization	103	102	51	49
Impairment loss / (reversal)	(10)	29	(7)	10
(Gain) / loss on disposal of non-current assets	—	(1)	1	1
(Gain) / loss on disposal of subsidiaries	—	25	(3)	26
Finance costs	302	302	149	144
Finance income	(73)	(21)	(35)	(11)
Other non-operating (gain) / loss	(14)	(5)	(12)	7
Net foreign exchange (gain) / loss	(10)	(166)	(58)	(52)
Total Adjusted EBITDA	**870**	**981**	**453**	**502**

**Prior year comparatives for the six and three-months periods ended June 30, 2022 are adjusted following the classification of Russia as a discontinued operation (see Note 5).*

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

3 INCOME TAXES

Income tax expense is the total of the current and deferred income taxes. Current income tax is the expected tax expense, payable or receivable on 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 six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2023	**2022**	**2023**	**2022**
Current income taxes	(138)	(165)	(76)	(98)
Deferred income taxes	78	123	36	27
Income taxes	**(60)**	**(42)**	**(40)**	**(71)**
Effective tax rate	(19.7)%	(9.8)%	(17.3)%	(38.8)%

The difference between the statutory tax rate in the Netherlands (25.8%) and the effective corporate income tax rate for the Group in the six and three-month periods ended June 30, 2023 (19.7)% and (17.3)%, was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, as well as withholding taxes on forecasted dividends and interest from our operating companies, and a change in deferred tax assets which have not been recognized.

The difference between the statutory tax rate in the Netherlands (25.8%) and the effective corporate income tax rate for the Group in the six and three-month periods ended June 30, 2022 (9.8)% and (38.8)%, respectively was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement, as well as tax uncertainties and withholding taxes accrued for forecasted dividends from our operating companies.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT TRANSACTIONS

During the six-month period ended June 30, 2023

Significant movements in exchange rates

An increase in demand for hard currencies, in part due to the ongoing conflict (refer to Note 15) and other macroeconomic conditions, resulted in the devaluation of exchange rates in the countries in which VEON operates, particularly in Pakistan and Russia. As such, in the first half of 2023, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, decreased significantly, with a corresponding loss of US$386 recorded against the foreign currency translation reserve in the interim condensed consolidated statement of comprehensive income.

During the six-month period ended June 30, 2022

VEON subsidiary Banglalink acquired 40 MHz of spectrum

On March 31, 2022, Banglalink, the Company's wholly-owned subsidiary in Bangladesh, acquired new spectrum for a fee of US$205 payable in installments over eleven years, doubling its spectrum holding in Bangladesh. Banglalink acquired 40 MHz of spectrum from the 2,300 MHz band.

VEON subsidiary Jazz signed 4G License renewal

On April 12, 2022, Jazz signed a 4G license renewal with the PTA for a fee of PKR 45 billion (US$486) for fifteen years, of which 50% has been settled, and the remaining amount will be paid in five equal annual installments.

Sale of Georgia operations

On March 31, 2022, VEON Georgia Holdings B.V. entered a non-binding share purchase agreement with Miren Invest LLC ("Miren"), VEON's former local partner, for the sale of VEON Georgia LLC ("VEON Georgia"), our operating company in Georgia, for US$45, subject to VEON corporate approvals and regulatory approvals. The required approvals were subsequently obtained and the sale was completed on June 8, 2022.

On June 8, 2022, upon completion of the sale to Miren, control of VEON Georgia was transferred to Miren and VEON recognized a US$26 loss on disposal of VEON Georgia, which includes the recycling of currency translation reserve in the amount of US$41.

5 HELD FOR SALE AND DISCONTINUED OPERATIONS

The following table provides the details over assets and liabilities classified as held-for-sale as of:

	Assets held-for-sale		Liabilities held-for-sale	
	June 30, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
Russia	4,793	5,793	4,642	4,249
Ukraine towers	—	3	—	—
Total assets and liabilities held for sale	**4,793**	**5,796**	**4,642**	**4,249**

The following table provides the details of profit / (loss) after tax from discontinued operations for the periods ended June 30:

	2023	**2022**
Russia	470	(316)
Algeria	—	122
Total profit / (loss) after tax from discontinued operations	**470**	**(194)**

Announced sale of Russia operations

On November 24, 2022, VEON entered into an agreement ("SPA") to sell VEON's Russian operations to certain senior members of the management team of PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

agreement, VEON will receive total consideration of RUB 130 billion (approximately US$1,494 as of June 30, 2023). It is expected that the consideration will be paid primarily by VimpelCom taking on and discharging certain VEON Holdings B.V.'s debt, thus significantly deleveraging VEON's balance sheet. The SPA contains provisions amongst others that in the event Vimpelcom acquires VEON Holdings B.V.'s debt in excess of the sales consideration, VEON will work with the purchasers to satisfy its obligations to them as a bondholder. The transaction is subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (United States, United Kingdom, European Union, and Bermuda) for the proposed structure of the sale. Further, as of June 30, 2023, VEON has entered the final stages in the closing of the sale of its Russia operations having obtained the Russian regulatory approvals, OFAC license and required UK and Bermuda authorizations and having submitted all necessary documentation to Euroclear, Clearstream and registrars for cancellation of VEON's Eurobonds held by its subsidiary PJSC VimpelCom to satisfy the remaining closing conditions in accordance with the terms of the SPA.

Given the approvals and licenses required, the completion of the sale could be influenced by the political situation in Russia as well as the subsequent responses from Western jurisdictions. However, management continues to maintain that the sale is highly probable and the transaction is expected to be completed in 2023. Therefore, as a result of the expected disposal, VEON has classified its Russian operations as held-for-sale and discontinued operations upon the signing of the agreement on November 24, 2022 and maintains this classification as of June 30, 2023. In connection with this classification, the Company no longer accounts for depreciation and amortization expenses of the assets of its Russian operations. The results for Russia in the consolidated income statements and the consolidated statements of cash flows for 2023 and 2022 have been presented separately.

The following table shows the assets and liabilities classified as held-for-sale relating to Russia as of:

	June 30, 2023	December 31, 2022
Property and equipment	3,454	3,941
Intangible assets excl. goodwill	384	356
Goodwill	217	617
Deferred tax assets	—	78
Other non-current assets	74	50
Inventories	80	113
Trade and other receivables	284	368
Other current assets	300	270
Total assets held for sale	**4,793**	**5,793**
Non-current liabilities	3,661	2,952
Debt and Derivatives - NCL	3,611	2,888
Other non current liabilities	50	64
Current liabilities	981	1,297
Trade and other payables	470	708
Debt & Derivatives - CL	261	306
Other non-financial liabilities	250	283
Total liabilities held for sale	**4,642**	**4,249**

Debt and derivatives include bank loans and bonds, including interest accrued, for which the fair value is equal to US$3,843 (2022: US$1,247), and Lease Liabilities, for which fair value has not been determined.

Net assets of the discontinued operations of Russia includes US$3,208 (2022:US$2,964) relating to cumulative currency translation losses as of June 30, 2023, which is accumulated in equity through other comprehensive income and will be recycled through the consolidated income statement upon the completion of the sale.

The following table shows the profit/(loss) and other comprehensive income relating to Russia operations for the periods ended June 30, 2023:

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

Income statement and statement of comprehensive income	Six-month period 2023	Six-month period 2022
Operating revenue	1,881	1,914
Operating expenses **	(1,355)	(2,134)
Other expenses	(2)	(83)
Profit / (loss) before tax for the period	524	(303)
Income tax benefit / (expense)	(54)	(13)
Profit / (loss) after tax for the period	470	(316)
Other comprehensive income / (loss) *	(245)	179
Total comprehensive income / (loss)	**225**	**(137)**

** Other comprehensive income is relating to the foreign currency translation of discontinued operations.*

*** In 2022, operating expenses include an impairment of US$446 against the carrying value of goodwill in Russia recorded in the first quarter.*

Russia impairment losses 2023

As of June 30, 2023, VEON recorded an impairment of US$281 against the carrying value of goodwill in Russia, resulting in a reduced carrying value of US$168 at the reporting date of which the VEON share amounts to US$152, excluding non-controlling interest.

The recoverable amount of the net assets held for sale of US$152 as of June 30, 2023 was determined based on the fair value less costs of disposal and represents the remaining portion of the sales proceeds as per SPA (Level 2 in the fair value hierarchy). This equates to the value of the VEON bonds remaining to be purchased by PJSC VimpelCom to reach the sales consideration of RUB 130 billion.

Russia impairment losses 2022

The conflict between Russia and Ukraine started on February 24, 2022 and has impacted our operations in Russia.

In response to the events in Ukraine, wide-ranging economic sanctions and trade restrictions were imposed on Russia by the United States, the European Union (and individual EU member states), the United Kingdom, as well as other countries which have targeted individuals and entities as well as large aspects of the Russian economy, including freezing the assets of Russia's central bank, other Russian financial institutions, and individuals, removing selected Russian banks from the Swift banking system, and curbing certain products exported to Russia. Furthermore, as a response to the imposed sanctions, Russia introduced a number of counter-sanctions aimed at stabilizing domestic financial markets. These, among other things, include restrictions related to capital and foreign exchange controls, restrictions on lending to foreign (non-Russian) persons, restrictions on foreign persons' transactions with Russian securities and real estate and limitations on export and import of certain goods into and outside Russia.

The above factors resulted in an impairment of US$446 against the carrying value of goodwill in Russia as of March 31, 2022. There were no triggering events indicating any impairment or decline in the fair value of Russian operations subsequent to its measurement as held for sale and discontinued operations.

The recoverable amount of the CGU of US$1,886 as of March 31, 2022 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.

	March 31, 2022 ***			September 30, 2021		
Key assumptions – Russia CGU	Explicit forecast period	Terminal period	Combined average *	Explicit forecast period	Terminal period	Combined average *
Discount rate	— %	— %	20.5 %	— %	— %	9.3 %
Average annual revenue growth rate	6.2 %	1.6 %	5.5 %	5.0 %	1.6 %	4.4 %
Average operating margin	32.4 %	35.0 %	32.8 %	33.2 %	35.5 %	33.6 %
Average CAPEX / revenue **	20.3 %	18.0 %	19.9 %	25.4 %	21.0 %	24.7 %

** Combined average for 2022 is based on an explicit forecast period consisting of five years forecast plus the latest estimate for 2022 (2022-2027) and terminal period in 2028, and for the comparative period 2021 the combined average is based on the explicit forecast period of five years (2022-2026) and terminal period in 2027.*

*** CAPEX excludes licenses and ROU.*

**** The growth rates as of March 31, 2022, in the explicit forecast period and the combined average, were revised to conform the growth rates applied in the calculation of the recoverable amount in the first quarter of 2022.*

The fair value less cost of disposal ("FVLCD") for Russian operations as of September 30, 2022 (date of the annual impairment test) was based on the expected sales proceeds from third party bids which have been substantiated by the share price consideration of RUB 130 billion (approximately US$1,900 as of December 31, 2022) reflected in the SPA signed on November 24, 2022 (Level 2 in the fair value hierarchy). The fair value represented by the SPA exceeded the carrying value of the Russia CGU as of September 30, 2022, therefore no impairment was recorded. There were no triggering events indicating any impairment or decline in the fair value of Russian operations subsequent to its measurement as held for sale and discontinued operations as of December 31, 2022.

Exercised Put option to sell entirety of its stake in Omnium Telecom Algerie SpA

On July 1, 2021, VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnium Telecom Algerie SpA (Algeria) to the Fonds National d'Investissement (FNI). Omnium owns Algerian mobile network operator, Djezzy. Under the terms of the Shareholders' Agreement, the transaction was completed on August 5, 2022 for a cash sale price of US$682 and control of Algeria was transferred to FNI. Refer to the table below for the results of the transaction.

On July 1, 2021, the Company classified its operations in Algeria as held-for-sale and discontinued operations. Following the classification as a disposal group held-for-sale, the Company did not account for depreciation and amortization expenses of Algeria assets. On August 5, 2022, the sale was completed and the net assets were disposed. The results for Algeria in the consolidated income statements and the consolidated statements of cash flows for 2022 were presented separately.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

6 PROPERTY AND EQUIPMENT

The following table summarizes the movement in the net book value of property and equipment for the six-month period ended June 30:

	2023	2022
Balance as of January 1	**2,892**	**6,705**
Additions	395	966
Disposals	(9)	(48)
Depreciation	(268)	(781)
Reversal of impairment/ (impairment)	11	(30)
Currency translation	(239)	1,496
Other	(1)	9
Balance as of June 30	**2,781**	**8,317**

The impairment charge of US$30 in 2022 includes an impairment recorded for US$27 relating to Ukraine property, plant and equipment as a result of physical damage to sites in Ukraine cause by the ongoing conflict between Russia and Ukraine.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

7 INTANGIBLE ASSETS

The following table summarizes the movement in the net book value of intangible assets, including goodwill for the six-month period ended June 30:

	2023	2022
Balance as of January 1	**1,953**	**3,220**
Additions	39	305
Disposals and write offs	—	(3)
Amortization	(103)	(170)
Impairment	—	(445)
Currency translation	(236)	154
Other	1	(3)
Balance as of June 30	**1,654**	**3,058**

Goodwill

Included within total intangible asset movements for the six month periods ended June 30, 2023, as shown above, are the following movements in goodwill for the group, per cash generating unit **("CGU")**:

CGU	June 30, 2023	Currency translation	January 1, 2023
Pakistan	177	(46)	223
Kazakhstan	129	2	127
Uzbekistan	33	(1)	34
Ukraine	10	—	10
Total	**349**	**(45)**	**394**

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 other things, the relationship between its market capitalization and its book value, as well as the weighted average cost of capital and the quarterly financial performance of each cash-generating unit ("CGU"). Refer to the table above for an overview of the carrying value of goodwill per CGU.

VEON performed its annual impairment testing at September 30, 2022. 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 December 31, 2022.

Impairment losses in 2023

The Company performed an assessment if a goodwill impairment exists in any of the CGUs during the six-month period ended June 30, 2023. Based on the analysis performed, no impairment was identified for any CGUs.

Impairment losses in 2022

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

For Russia there were no new triggers except for the ones identified based on which impairment was already recognized in the three-months period ended March 31, 2022 as explained in paragraphs below.

The conflict between Russia and Ukraine started on February 24, 2022 and has impacted our operations in both countries. For further details regarding the direct or indirect impact that the conflict in Ukraine and the international response have had or may have on our business, please refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2021 and our annual report on Form 20-F for the year ended December 31, 2021 published on April 29, 2022.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

In response to the events in Ukraine, wide-ranging economic sanctions and trade restrictions were imposed on Russia by the United States, the European Union (and individual EU member states), the United Kingdom, as well as other countries which have targeted individuals and entities as well as large aspects of the Russian economy, including freezing the assets of Russia's central bank, other Russian financial institutions, and individuals, removing selected Russian banks from the Swift banking system, and curbing certain products exported to Russia. Furthermore, as a response to the imposed sanctions, Russia introduced a number of counter-sanctions aimed at stabilizing domestic financial markets. These, among other things, include restrictions related to capital and foreign exchange controls, restrictions on lending to foreign (non-Russian) persons, restrictions on foreign persons' transactions with Russian securities and real estate, and limitations on export and import of certain goods into and outside Russia.

The above factors have resulted in an impairment of US$446 against the carrying value of goodwill in Russia in the first quarter of 2022. The recoverable amount of the CGU of US$1,886 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	March 31, 2022 ***			September 30, 2021		
	Explicit forecast period	**Terminal period**	**Combined average ***	**Explicit forecast period**	**Terminal period**	**Combined average ***
Discount rate	— %	— %	**20.5 %**	— %	— %	**9.3 %**
Average annual revenue growth rate	6.2 %	1.6 %	**5.5 %**	5.0 %	1.6 %	**4.4 %**
Average operating margin	32.4 %	35.0 %	**32.8 %**	33.2 %	35.5 %	**33.6 %**
Average CAPEX / revenue **	20.3 %	18.0 %	19.9 %	25.4 %	21.0 %	24.7 %

** Combined average based on explicit forecast period of six years (2022-2027) and terminal period in 2028, and for comparative period explicit forecast period of five years (2022-2026) and terminal period in 2027.*

*** CAPEX excludes licenses and ROU*

**** The growth rates as of March 31, 2022, in the explicit forecast period and the combined average, were revised to conform the growth rates applied in the calculation of the recoverable amount in the first quarter of 2022.*

The Company also performed impairment testing for the Ukraine, Pakistan and Bangladesh CGUs following impairment triggers identified during the six-month period ended June 30, 2022. Based on the recoverable amounts of the CGUs of US$1,463 for Ukraine in the first quarter of 2022, and US$1,228 and US$379 in the second quarter of 2022 for Pakistan and Bangladesh, respectively, no impairment was recorded.

For any write-off booked for property, plant and equipment during the six-month period ended June 30, 2022 please refer to Note 6.

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').

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	**Combined average ***	**+/- 1.0 pp**
Discount rate	**20.5%**	**21.6%**
Change in key assumption	0.0 pp	1.0 pp
Headroom / (impairment)	—	*(115)*
Average annual revenue growth rate	**5.5%**	**4.5%**
Change in key assumption	0.0 pp	(1.0) pp
Headroom / (impairment)	—	*(88)*
Average operating margin	**32.8%**	**31.8%**
Change in key assumption	0.0 pp	(1.0) pp

Notes to the interim condensed consolidated financial statements

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Headroom / (impairment)	—	*(157)*
Average CAPEX / revenue	**19.9%**	**20.9%**
Change in key assumption	0.0 pp	1.0 pp
Headroom / (impairment)	—	*(161)*

** Combined average based on explicit forecast period of six years (2022-2027) and terminal period (2028), includes intervening period of 2022*

Following the recognition of an impairment loss in the first quarter of 2022, the book value of the Russia CGU is equal to its recoverable amount. As such, the 'break-even' assumptions for the Russia CGU are equivalent to the 'Combined average' assumptions

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

Notes to the interim condensed consolidated financial statements

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FINANCING ACTIVITIES OF THE GROUP

8 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	June 30, 2023	December 31, 2022
At fair value		
Other investments	19	21
	19	**21**
At amortized cost		
Loans granted to subsidiaries of ultimate parent	1,705	1,876
Security deposits and cash collateral	97	63
Other investments	43	63
	1,845	**2,002**
Total investments and derivatives	**1,864**	**2,023**
Non-current	1,472	1,431
Current	392	592

Other investments at fair value are measured at fair value through other comprehensive income and relate to investments held in Pakistan (US$18). As a result of revaluations, a US$2 loss was recorded for the three-months period ended June 30, 2023.

Other investments at amortized cost include a US$27 loan granted by VIP Kazakhstan Holdings to minority shareholder Crowell Investments Limited.

Loans granted to subsidiaries of the ultimate parent include Loans to VEON Amsterdam B.V. amounting US$1,547 (including principal and interest) at June 30, 2023, are callable on demand. The amounts receivable accrue interest at a variable rate of LIBOR +0.4%. As of June 30, 2023, the Company did not expect to call the loan or collect repayments within 12 month following the balance sheet date. In February 2021, the Company entered into a deed of amendment with VEON Amsterdam B.V. to extend the term of this facility by a further 3 years, with an automatic 12 month extension option with maximum up to August 2024.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

The Company holds the following debt and derivative liabilities:

	June 30, 2023	December 31, 2022
At fair value		
Derivatives not designated as hedges	1	—
	1	**—**
At amortized cost		
Principal amount outstanding	4,324	6,670
Interest accrued	73	102
Discounts, unamortized fees, hedge basis adjustment	(21)	(8)
Bank loans and bonds	**4,376**	**6,764**
Lease liabilities	922	875
Loans received from subsidiaries of the ultimate parent	36	305
Other financial liabilities	451	609
	5,785	**8,553**
Total debt and derivatives	**5,786**	**8,553**
Non-current	3,852	5,382
Current	1,934	3,171

Significant changes in financial assets and financial liabilities

There were no significant changes in financial assets and liabilities in the six-month period ended June 30, 2023, except for the scheduled repayments of debt or as described below. Furthermore, there were no changes in risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended December 31, 2022.

Financing activities during the six-month period ended June 30, 2023

VEON's Scheme of creditors

Following the announcement made by VEON on November 24, 2022 to launch a scheme of arrangement to extend the maturity of the 2023 Notes, the initial proposed scheme was amended on January 11, 2023 and on January 24, 2023, the Scheme Meeting was held and the amended Scheme was approved by 97.59% of the Scheme creditors present and voting.

On January 30, 2023, VEON announced that the Scheme Sanction Hearing had taken place, at which the Court made an order sanctioning the Scheme in respect of VEON Holdings' 2023 Notes (the "Order"). On January 31, 2023, VEON confirmed that the Order had been delivered to the Registrar of Companies and became effective. The amendments to the 2023 Notes were subject to the receipt of relevant licenses to become effective, at which time the maturity dates of the February 2023 and April 2023 notes will be amended to October and December 2023, respectively.

On April 3, 2023, VEON announced that each of the conditions has been satisfied in accordance with the terms of the Scheme, including receipt of all authorizations and/or licenses necessary to implement the amendments to the 2023 Notes (as set out in the Scheme). On April 4, 2023, the Scheme became effective.

Pursuant to the amendments, Noteholders are entitled to payment of an amendment fee of 200bps payable on the 2023 Notes outstanding on their respective amended maturity dates and a put right will be granted requiring VEON Holdings to repurchase 2023 Notes held by 2023 Noteholders exercising such right, at a purchase price of 102% of the principal amount ("2023 Put Option"), together with accrued and unpaid interest. The 2023 Put Option closed on April 19, 2023 with holders of US$165 of the October 2023 Notes and holders of US$294 of the December 2023 Notes exercising the Put Option.

On April 20, 2023, VEON announced that subject to the terms of the 2023 Put Option, VEON Holdings will pay to the Holders of Notes accepted for purchase the Repurchase Price for their Notes on April 26, 2023.

We accounted for the scheme of arrangement as a modification of the amortized cost of the 2023 Notes and in Q2 recognized a US$20 finance gain that will reverse over the remainder of the year and not have any full year impact.

Purchase of VEON Group Debt

During the six months ended June 30, 2023, PJSC VimpelCom independently purchased US$1,572 equivalent of VEON Holdings B.V. Notes in order to satisfy certain Russian regulatory obligations. These Notes were reclassified to intercompany debt with the equivalent reduction in gross debt for VEON Group. PJSC VimpelCom has funded the purchase primarily by issuing new notes of longer maturity which is reflected in 'Liabilities Held for Sale' on the interim condensed consolidated statement of financial position.

VEON US$1,250 million multi-currency revolving credit facility agreement

On April 20, 2023 and May 30, 2023, the outstanding amounts under RCF facility have been rolled-over until October, US$692 and November, US$363, 2023.

Ukraine prepayment

In April 2023, Kyivstar fully prepaid its external debt which included a UAH 1,400 million (US$38) loan with Raiffeisen Bank and UAH 760 million loan with OTP Bank (US$21).

PMCL syndicated credit facility

Pakistan Mobile Communication Limited ("PMCL") fully utilized the remaining PKR 10 billion (US$41) under existing PKR 40 billion facility through drawdowns in January and April 2023.

Financing activities during the six-month period ended June 30, 2022

VEON USD bond repayment

In February 2022, VEON Holdings B.V. repaid its 7.50% Note of US$417 originally maturing in March 2022.

VTB Bank loan

In February 2022, VEON Holdings B.V. prepaid RUB 30 billion (US$396) of outstanding loans to VTB Bank originally maturing in July 2025.

In February 2022, VEON Finance Ireland DAC signed a RUB 30 billion (US$400) Term Facility Agreement with VTB Bank with a floating rate. This facility was guaranteed by VEON Holding B.V. and had a maturity of February 2029. The proceeds from this facility were used for general corporate purposes, including the financing of intercompany loans to PJSC VimpelCom.

In March 2022, VEON Finance Ireland DAC prepaid its RUB 30 billion (US$259) Term Facility Agreement with VTB Bank in accordance with its terms, and the facility was cancelled.

VEON US$1,250 multi-currency revolving credit facility agreement

In February 2022, the maturity of the multi-currency revolving credit facility originally entered into in March 2021 (the "RCF") was extended for one year until March 2025; two banks did not agree to extend as a result US$250 will mature at the original maturity in March 2024.

In February 2022, VEON Holdings B.V. drew US$430 under the RCF. Subject to the terms set out in the RCF, the outstanding balance can be rolled over until final maturity.

In March 2022, Alfa Bank (US$125 commitment) and Raiffeisen Bank Russia (US$70 commitment) notified the Agent under the RCF that as a result of new Russian regulatory requirements following a presidential decree, they could no longer participate in the RCF. As a result, their available commitments were cancelled and the total RCF size reduced from US$1,250 to US$1,055. The drawn portion from Alfa Bank (US$43) was subsequently repaid in April and the drawn portion from Raiffeisen Bank Russia (US$24) was repaid in May 2022.

In April and May 2022, VEON Holdings B.V. received US$610 following a utilization under the RCF. Subject to the terms set out in the RCF, this amount can be rolled until maturity.

PMCL syndicated credit facility

In March 2022, Pakistan Mobile Communication Limited ("PMCL") fully utilized the remaining PKR 40 billion (US$222) available under its existing credit line.

VEON Finance Ireland Rub debt novation to PJSC VimpelCom

In April 2022, VEON novated two bank loans, with Sberbank (RUB 45 billion (US$556)) and Alfa Bank (RUB 45 billion (US$556)) totaling RUB 90 billion (US$1,112), to PJSC VimpelCom, resulting in the former borrower, VEON Finance Ireland DAC and the former guarantor, VEON Holdings B.V., having been released from their obligations.

PMCL secures syndicated credit facility

In April 2022, PMCL signed a PKR 40 billion (US$217) syndicated loan with a 10 year maturity. The drawn amount under the facility is PKR 30 billion (US$156).

Banglalink secures syndicated credit facility

In April 2022, Banglalink signed a BDT 12 billion (US$139) syndicated loan with a five year maturity till April 2027. During May 2022, Banglalink utilized BDT 9 billion (US$103) of the total syndicated loan which was partially used to fully repay the existing facility (US$38).

Kyivstar prepays debt

In 2022, Kyivstar fully prepaid a UAH 1,350 million (US$46) loan with JSC CitiBank, a UAH1,275 (US$44) million loan with JSC Credit Agricole and a UAH 1,677 million (US$57) loan with Alfa bank, and also prepaid a portion of a UAH 1,250 million loan with OTP Bank (UAH490 million (US$17)).

Fair values

The carrying amounts of all financial assets and liabilities are equal to or approximate their respective fair values as shown in the table above within this note, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$3,884 at June 30, 2023 (December 31, 2022: US$6,142); and
- 'Lease liabilities', for which fair value has not been determined.

(in millions of U.S. dollars unless otherwise stated)

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. Observable inputs (Level 2) used in 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 inputs when assessing the fair valuations During the six-month period ended June 30, 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	June 30, 2023	December 31, 2022
Cash at banks and on hand	953	898
Short-term deposits with original maturity of less than three months	1,474	2,179
Cash and cash equivalents*	**2,427**	**3,077**
Less overdrafts	—	—
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	**2,427**	**3,077**

** Cash and cash equivalents include an amount of US$53 relating to banking operations in Pakistan.*

As of June 30, 2023 and December 31, 2022, there were no restricted cash and cash equivalent balances. Cash balances as of June 30, 2023 include investments in money market funds of US$1,260 (December 31, 2022: US$1,950).

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

10 DIVIDENDS AND CAPITAL DISTRIBUTIONS

There were no dividends paid or capital distributions paid during the six-month period ended June 30, 2023.

There were US$30 dividends declared by subsidiaries within the VEON Group to non-controlling interests in the six-month period ended June 30, 2023.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

ADDITIONAL INFORMATION

11 RELATED PARTIES

The immediate parent and ultimate controlling shareholder of the Company are, respectively, VEON Amsterdam B.V. and VEON Ltd.

The following table provides the total amount of transactions that have been entered into with related parties and their affiliates for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2023	**2022**	**2023**	**2022**
Revenue from				
OTM WW LLC	—	1	—	1
Finance income	41	12	18	7
	41	**13**	**18**	**8**
Services from				
OTM WW LLC	—	—	—	(1)
VEON Wholesale Services B.V	—	(3)	—	(3)
Finance cost	(8)	(7)	(14)	(10)
	(8)	**(10)**	**(14)**	**(14)**

The following table provides the total balance of accounts with related parties and their affiliates at the end of the relevant period:

	June 30, 2023	December 31, 2022
Accounts receivable from		
VEON Ltd.	83	84
VEON Amsterdam B.V.	19	18
Others	14	9
Financial assets receivable from		
VEON Ltd.	120	60
VEON Amsterdam B.V.	1,446	1,401
VEON Digital Amsterdam B.V.	36	300
VEON Digital Limited	—	26
Ukraine Tower Company	—	13
Interest accrued	103	76
	1,821	**1,987**
Accounts payable to		
VEON Ltd.	43	41
VEON Ventures B.V.	5	4
Others	18	35
Financial liabilities to		
VEON Digital Amsterdam B.V.	36	300
Ukraine Tower Company	147	125
Interest accrued	—	5
	249	**510**

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed below and elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the six-month period ended June 30, 2023.

13 EVENTS AFTER THE REPORTING PERIOD

VEON Management and Board of Directors increase ownership

On July 1, 2023, 1,395,358 common shares of VEON Ltd. granted to current and former members of VEON Ltd GEC vested as part of the 2021 Deferred Shares Plan. As of July 24, 2023, VEON Ltd. had initiated the transfer of 32,976 ADSs, representing 824,400 common shares, of VEON Ltd. to the respective executives.

On July 19, 2023, 10,444 ADSs, representing 261,100 common shares, of VEON Ltd. were granted with immediate vesting to members of VEON Ltd. GEC and 70,000 ADSs, representing 1,750,000 common shares, of VEON Ltd. were granted with immediate vesting to current and former members of VEON Ltd Board. Subsequently, VEON initiated the transfer of 70,444 ADSs, representing 1,761,100 common shares, of VEON Ltd. to the respective executives and Board members.

Additionally, VEON Ltd. initiated the transfer of 24,727 ADSs, representing 618,175 common shares, of VEON Ltd. to a former VEON Ltd. Board member in relation to a grant of 1,224,086 common shares that vested in June 2022 but for which transfer was delayed.

For each of the above transfers, a portion of the granted ADSs/common shares may have been withheld to cover tax obligations.

Changes to the Board of Directors of VEON Ltd.

In July 2023, the Board elected Morten Lundal as the Chair in its first meeting following the 2023 AGM. The Board also changed its committee structure, with the current committees established by the Board of directors being the Audit and Risk Committee and the Remuneration and Governance Committee.

Changes in Key Senior Managers

On July 19, 2023, VEON Ltd. announced that Group Head of Portfolio Management, Dmitry Shvets, Group Chief People Officer, Michael Schulz and Group Chief Corporate Affairs Officer, Matthieu Galvani will be stepping down from their executive roles effective October 1, 2023. They will continue to support the VEON Group as directors on VEON's Operating Company Boards. VEON's GEC will comprise 3 members: Kaan Terzioglu as Group Chief Executive Officer; Joop Brakenhoff as Group Chief Financial Officer; and A. Omiyinka Doris as Group General Counsel, with a flatter Group leadership team structure.

Italy Tax Matter

On July 17, 2023, VEON signed an agreement with the Italy Tax Authorities for the settlement of an ongoing tax claim dispute which was fully provided for as of June 30, 2023.

Canadian Sanctions

On July 20, 2023, Canada imposed sanctions on a number of Russian mobile operators, including PJSC VimpelCom. Refer to Note 14 for further details.

Purchase of VEON Group Debt

Subsequent to June 30, 2023, VEON was informed that PJSC VimpelCom independently concluded the purchase of US$126 of VEON Holdings B.V. Notes in order to satisfy certain Russian regulatory obligations. These Notes were reclassified to intercompany debt with the equivalent reduction in gross debt for VEON Group. PJSC VimpelCom has funded the purchase primarily by issuing new notes of longer maturity.

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six and three-month periods ended June 30, 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (**"IASB"**). The term "income statement" as used in these financial statements is considered interchangeable with the term "statement of profit and loss" as defined in IAS 1 *Presentation of Financial Statements*.

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 December 31, 2022.

The preparation of these interim condensed consolidated financial statements has required 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 judgments, estimates and assumptions affects the amounts reported in the statement of financial position, income statement, statement of cash flows, statement of changes in equity, as well as the notes. The final amounts for items for which estimates and assumptions were made in the 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.

Restatement of 2022 Consolidated Financial Statements

After the issuance of VEON Holdings B.V.'s Dutch statutory financial statements for the year ended December 31, 2022 filed on June 29, 2023, the Company discovered an error in the consolidated statement of comprehensive income with respect to the derecognition of non-controlling interest for the sale of its Algerian operations which occurred in the third quarter of 2022. The error was subsequently corrected in the VEON Ltd. (the ultimate parent of the Company) Form 20-F Consolidation Financial Statements as of December 31, 2022 filed on July 24, 2023 with the U.S. Securities and Exchange Commission (SEC). Under Dutch law, the Company determined the error does not result in financial statements that are seriously defective in providing a view that enables a sound judgment to be formed on assets, liabilities, equity and results of the Company and, insofar as the nature of financial statements permit, of its solvency and liquidity. As a result, the Company did not correct the previously issued consolidated financial statements, VEON Holding B.V.'s Dutch statutory financial statements for the year ended December 31, 2022, through an additional filing of the 2022 Dutch Annual Report in the Netherlands.

The non-controlling interest was incorrectly derecognized in other comprehensive income (OCI), a component within equity, while it should have been derecognized directly in equity without an impact in OCI. The correction of the error resulted in an adjustment in the consolidated statement of changes in equity which has no impact on total consolidated equity, total equity attributable to the owners of the parent, or equity attributable to non-controlling interest. As such, the opening equity balance in these financial statements is correct and therefore, the equity balance as of June 30, 2023 is also correct.

As of December 31, 2022	**Impact of correction of the error**		
(In millions of U.S. dollars)	**VEON Holdings B.V. Dutch Statutory Financial Statements as previously reported on the 2022 Annual Report**	**VEON Holdings B.V. Consolidated Financial Statements as to be restated**	**Opening Equity Balance as reported in these financial statements as of June 30, 2023**
Equity attributable to the owners of the parent	2,109	2,109	2,109
Equity attributable to non-controlling interest	198	198	198
Total consolidated equity	**2,307**	**2,307**	**2,307**

As the sale of Algeria occurred in third quarter of 2022, there is no further impact on the interim condensed consolidated financial statements as of and for the period ended June 30, 2023.

Ongoing conflict between Russia and Ukraine

As of August 29, 2023, hostilities continue in Ukraine and missile strikes have also occurred in Russia. Currently, one third of our total subscribers are in Ukraine and Russia, where they are supported by 32,000 employees. VEON's priority is to protect the safety and well-being of our employees and their families. We have developed and, in some cases, implemented additional contingency plans to relocate work and/or personnel to other geographies and add new locations, as appropriate. As of

August 29, 2023, most of our Ukraine subsidiary's employees remain in the country. As of August 29, 2023, millions of people have fled Ukraine and the country has sustained significant damage to infrastructure and assets.

As the conflict persists, we could lose a greater percentage of our customer base in Ukraine. If Ukrainian refugees choose to relocate permanently outside of Ukraine and switch to local providers, this could have a significant impact on their use and spending on our services. Due to the efforts of our Ukrainian team as well as collaboration with other telecommunications operators in the region, network capacity has remained stable with minimal disruptions since the beginning of the conflict. We have incurred and will continue to incur additional expenditures to maintain and repair our mobile and fixed-line telecommunications infrastructure in Ukraine as a result of any damage inflicted on our infrastructure due to the ongoing conflict, as well as for security, increased energy costs, and related operational and capital expenditures. In addition, our ability to provide services in Ukraine may be impaired if we are unable to maintain key personnel within Ukraine and/or our infrastructure within Ukraine is significantly damaged or destroyed.

In response to the events in Ukraine, the United States, European Union (and individual EU member states) and, the United Kingdom, as well as other countries have imposed wide-ranging economic sanctions and trade restrictions which have targeted individuals and entities as well as large aspects of the Russian economy, including freezing the assets of Russia's central bank, other Russian financial institutions, and individuals, removing selected Russian banks from the Swift banking system, and curbing certain products exported to Russia. In addition, on July 20, 2023, Canada imposed on a number of Russian mobile operators, including PJSC VimpelCom. Furthermore, as a response to the imposed sanctions, Russia introduced a number of counter-sanctions aimed at stabilizing domestic financial markets. These, among others, include restrictions related to capital and foreign exchange controls, restrictions on lending to foreign (non-Russian) persons, restrictions on foreign persons' transactions with Russian securities and real estate, and limitations on export and import of certain goods into and outside Russia. For example, on July 5, 2022, the President of the Russian Federation issued Decree No. 430 ("Decree 430") which requires Russian legal entities with Eurobond obligations to ensure the local fulfillment of such obligations to Eurobond holders whose rights are recorded by the Russian depositories, e.g. NSD or Account Holders registered in the Russian Federation (refer to further discussion below). Ukraine has also implemented and may implement further sanctions or measures on individuals or entities with close ties with Russia, which may impact negatively Kyivstar in case, whether prior to or after the proposed sale of our Russian operations, it is considered by the local authorities as a Russia-owned company. For example, in October 2022, Ukraine imposed sanctions for a ten-year period against, Mikhail Fridman, Petr Aven and Andriy Kosogov, who are some of the Company's beneficial owners due to their ownership in LetterOne. These Ukrainian sanctions apply exclusively to the sanctioned individuals and do not have a direct impact on the Company, however, the Company cannot rule out their impact on banks' and other parties readiness to transfer dividends in the event such restrictions are lifted. Furthermore, these sanctions may make it difficult for the Company to obtain local financing in Ukrainian hryvnia, which could make it more difficult for us to naturally hedge any debt required for our Ukrainian operations moving forward to the currency in which we generate revenue. In addition, Ukraine has put one member of senior management in government registry managers of Russian companies as a result of this senior manager being on the board of VimpelCom. This list has had and could continue to cause reputational harm to the Group, particularly for its operations and customer relationships in Ukraine, since engagement with Russian companies are generally condemned. Ukraine's restrictions have already led to restrictions on the payout of dividends from Ukraine resulting in no cash being upstreamed to VEON, prohibitions on renting state property and land, prohibitions on participation in public procurement impacting B2G revenue and potential prohibitions on transfer of technology and intellectual rights to Kyivstar from VEON.

The ongoing conflict between Russia and Ukraine, and the sanctions imposed by the various jurisdictions, counter sanctions and other legal and regulatory measures, as well as responses by our service providers, partners, suppliers and other counterparties, including certain professional service providers we rely on, and the consequences of all the foregoing, have negatively impacted and, if the conflict, sanctions and such responses continue or escalate, will continue to negatively impact aspects of our operations and results in Russia and Ukraine, and may affect aspects of our operations and results in the other countries in which we operate.

The conflict has resulted in the following events and conditions that may cast significant doubt on the Company's ability to continue as a going concern, particularly if we are not able to consummate the agreed disposal of our Russian operations (refer to Note 5):

- The current events in the regions where we operate in Ukraine and where we derive a significant amount of our business may pose security risks to our people, our facilities, our operations, and infrastructure, such as utilities and network services, and the disruption of any or all of them could significantly affect our business, financial conditions and results of operations in Ukraine, and cause volatility in the value of our securities. The conflict has also had a marked impact on the economies of Russia and Ukraine. However, since the beginning of the conflict, a significant majority of Ukraine's network infrastructure has been operating effectively and disruptions in service have been limited to specific areas where the conflict is most intense. It cannot be ruled out that the conflict and related damage could escalate within Ukraine or within Russia.
- We have recorded material impairment charges with respect to goodwill in Russia during the three months ended June 30, 2023, and we may need to record future impairment charges, which could be material, if the conflict continues or escalates and as more information becomes available to management. It is possible further impairment charges may rise to a level as to require additional analysis to determine the true value of assets as outlined in the provisions of our debt agreements and in the worst scenario, when the true value of assets is lower than the liabilities, could require early

repayments of our long term debt. Due to the current developments that impact the value of the Company, the recoverability of the loan receivable of US$1,547 due from VEON Amsterdam B.V. may also be materially impacted.

- In Russia, macroeconomic conditions and outlook remain uncertain. The results of our operations in Russia on a U.S. dollar basis may fluctuate for the foreseeable future compared to results prior to the onset of the conflict, largely due to the volatility of the Russian ruble and to lower equipment sales.
- As of August 29, 2023, the Company continues to conclude that neither VEON Ltd. nor any of its subsidiaries is targeted by sanctions imposed by any of the United States, European Union (and individual EU member states) and the United Kingdom. However, the interpretation and enforcement of these new sanctions and counter-sanctions may result in unanticipated outcomes and could give rise to material uncertainties, which could complicate our business decisions. For example, to protect U.S. foreign policy and national security interests, the U.S. government has broad discretion to at times impose a broad range of extraterritorial "secondary" sanctions under which non-U.S. persons carrying out certain activities may be penalized or designated as sanctioned parties, even if the activities have no ties, contact with, or nexus to the United States or the U.S. financial system at all. These secondary sanctions could be imposed on the Company or any of the Company's subsidiaries if they were to engage in activity that the U.S. government determined was undertaken knowingly and rose to the level of material or significant support to, for, or on behalf of certain sanctioned parties. The broad nature of the financial sanctions targeted at the Russian financial system, including several banks that have historically provided funding to the Company, along with comprehensive sanctions on investment and vendors in Russia and the ongoing conflict between Russia and Ukraine may therefore have a material impact on aspects of the Company's operations and business plans in Russia and Ukraine. In addition, we have assessed the potential impact of the guidance regarding the ban on "new investment" in the Russian Federation by U.S. persons and UK persons and the prohibition on U.S., EU, and UK persons furnishing accounting and certain other services to Russia.
- Based on the current state of affairs, the Company currently has sufficient liquidity to satisfy our current obligations at least over the next twelve months from the issuance of the financial statements without the need of additional financing assuming no early repayments of our long-term debt and the completion of the sale of our Russian operations (refer to Note 5). In addition, cash on hand is US$2,430 at July 31, 2023. The Company also expects to meet its financial covenants as required by our debt agreements during the same twelve-month period. However, these continue to be uncertain times and it is not possible to predict with precision how certain developments will impact our liquidity position, our financial covenants and non-financial provisions in our debt agreements, and our equity levels on a regular and continuous basis both at the group and operating company levels. A deterioration in the results or operations of our operating companies could trigger certain financial covenants or non-financial provisions in our debt agreements, requiring accelerated repayment, potentially triggering a cross-default across all debt facilities and the revolving credit facility and negatively impact our liquidity. We may also be impacted by conditions or local legal requirements in international markets that could make it more difficult to service our existing debt obligations or refinance existing debt. Should we not realize the assumptions behind our liquidity forecast, we may not have sufficient liquidity to continue to operate as outlined above. If we are unable to raise additional capital in the market in which we want to raise it, or at all, or if the cost of raising additional capital significantly increases, which has been the case over the last twelve months due to global inflationary pressures and a number of other factors, we may be unable to make necessary or desired capital expenditures, take advantage of investment opportunities, refinance existing indebtedness or meet unexpected financial requirements, and our growth strategy and liquidity may be negatively affected. This could cause us to be unable to repay indebtedness as it comes due, to delay or abandon anticipated expenditures and investments or otherwise limit operations. For example, the ongoing conflict in Russia and Ukraine has caused us to reconsider our capital outlay to ensure we have sufficient liquidity for maintenance capital expenditures and other key operational spend while at the same time servicing our indebtedness. As a result, capital expenditures that are more discretionary in nature may be put on hold until the impact of the ongoing conflict between Russia and Ukraine, and particularly its effects on our liquidity and financial profile, becomes more certain.
- In response to the geopolitical and economic situation in both Ukraine and Russia, there is a risk of either country imposing external administration over foreign companies or assets. For example, as part of the measures that the Ukrainian government has adopted in response to the ongoing conflict with Russia, amendments to the nationalization law (the "Nationalization Law") in Ukraine have been published and as of June 29, 2023 are awaiting signature by the President of Ukraine ("Nationalization Law Amendments"). The Nationalization Law Amendments extends the definition of "residents" whose property in Ukraine (owned directly or indirectly) can be seized under the Nationalization Law to include property owned by the Russian state, Russian citizens, other nationals with a very close relationship to Russia, residing or having a main place of business in Russia, or legal entities operating in Ukraine whose founder or ultimate beneficial owner is the Russian state or are controlled or managed by any of the individuals identified above. For example, in May 2023, President Zelensky signed an initial package of restrictive measures on 41 entities, including against the Russian stake in Zaporizhstal, one of Ukraine's largest metallurgical companies, as part of Nationalization Law efforts. In April 2023, the Ukrainian Parliament voted for similar measures to allow for the nationalization of Sense Bank, one of Ukraine's largest commercial banks with several sanctioned Russian shareholders. Furthermore, in November 2022, the Ukrainian government invoked martial law which allows the government to take control of stakes in

strategic companies in Ukraine in order to meet the needs of the defense sector. The Security Council Secretary indicated that at the end of the application of martial law, the assets can be returned or their owners can be appropriately compensated.

- Additionally, on April 25, 2023, the President of the Russian Federation issued Decree No. 302 ("Decree 302") which introduced a legal framework for imposing temporary administration over Russian assets, including companies, owned by foreign residents associated with "unfriendly" jurisdictions which take hostile actions against Russia. Under the new regime, foreign owners retain their title to assets but all management decisions are taken by the State Agency for Management of State Property which is entitled, among other things, to replace the CEO and Board members in the companies managed by it. The inclusion into and exclusion from the list of assets subject to such temporary administration is approved by Presidential Decree. Since the issuance of Decree 302 shares in two energy companies have been included in such list and, more recently, it has also been applied to Russian subsidiaries of Carlsberg and Danone. Carlsberg had found a buyer for its Russian subsidiary and Danone had indicated it was planning to exit Russia by divesting its Russian subsidiary.
- If further measures are adopted and applied in relation to either our Ukrainian or Russian subsidiary, or both, this could lead to the involuntary deconsolidation of our Ukrainian and/or Russian operations, and could trigger certain financial covenants or non-financial provisions in our debt agreements, requiring accelerated repayment, potentially triggering a cross-default across other debt agreements and the revolving credit facility and negatively impact our liquidity.
- The United States imposed sweeping export control restrictions on Russia's ability to obtain goods, software and technology subject to U.S. export control jurisdiction, including a broad array of foreign-made items, that were previously not subject to U.S. export control jurisdiction. This could have an adverse impact on our ability to maintain and/or improve our infrastructure and adversely impact the availability and quality of our services and therefore have a material adverse effect on our operations and results of operation. In the event of future imposed laws and regulations as a result of the ongoing conflict between Russia and Ukraine, our business, the operation of our networks, our supply chain stability of items critical to the telecommunications sector in Russia, and our ability to comply with the terms of our operating licenses and local laws and regulations could be materially adversely impacted.
- On July 5, 2022, the President of the Russian Federation issued Decree No. 430 ("Decree 430") which requires Russian legal entities with Eurobond obligations to ensure the local fulfillment of such obligations to Eurobond holders whose rights are recorded by the Russian depositories, e.g. NSD or Account Holders registered in the Russian Federation. On November 23, 2022, the Russian Central Bank issued clarifications in respect of Decree 430, claiming that it also applies to Russian legal entities and foreign issuers that are within the same group of companies. Several VEON Holdings B.V. bondholders in Russia have approached PJSC VimpelCom to locally satisfy VEON Holdings B.V.'s notes obligations and three legal proceedings have been lodged against PJSC VimpelCom in respect of VEON Holdings B.V.'s notes with a total potential impact of US$22. PJSC VimpelCom is defending these claims and has indicated it is disputing the applicability of Decree 430 to PJSC VimpelCom.
- On July 20, 2023, Canada imposed sanctions on a number of Russian mobile operators, including PJSC VimpelCom. Such sanctions may cause increased reputational harm to PJSC VimpelCom and the Group since they represent direct sanctions adopted against PJSC VimpelCom by Canada, particularly if other nations adopt similar measures.

Management's actions to address these events and conditions are as follows:

- We have implemented business continuity plans to address known contingency scenarios to ensure that we have adequate processes and practices in place to protect the safety of our people and to handle potential impacts to our operations in Ukraine and Russia.
- On November 24, 2022, VEON entered into an agreement to sell VEON's Russian operations to certain senior members of the management team of PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, VEON will receive consideration of RUB 130 billion (approximately USD 1.9 billion). It is expected that the consideration will be paid primarily by VimpelCom taking on and discharging certain VEON Holdings B.V. debt, thus significantly deleveraging VEON's balance sheet. The SPA contains provisions amongst others that in the event Vimpelcom acquires VEON Holdings B.V.'s debt in excess of the sales consideration, VEON will work with the purchasers to satisfy its obligations to them as a bondholder. The transaction is subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (United States, United Kingdom, European Union, and Bermuda) for the proposed structure of the sale. As of June 30, 2023, Russian regulatory approvals have been obtained as well as the OFAC license and required authorizations from the United Kingdom and Bermudan authorities. The remaining closing conditions to be satisfied include any required license from the European Union or any required consent from VEON creditors in order to cancel the debt provided as consideration and/or complete the sale. Refer to Note 5 for further details. Following the completion of this sale, the risk of material impacts on VEON's operations stemming from Russian-related sanctions from various jurisdictions will be minimal.
- The Company has performed sensitivities on the volatility of the Russian ruble as well as other currencies in our operating markets with respect to the impact on our financial results and does not expect fluctuations to have a

significant impact. In the normal course of business, the Company manages its foreign currency risk by selectively hedging committed exposures and hedges part of its exposure to fluctuations on the translation into U.S. dollars of its foreign operations by holding the borrowings in foreign currencies or by foreign exchange swaps and forwards.

- Management is actively monitoring any new developments in applicable sanctions to ensure that we are in compliance and to evaluate any potential impact on the Company's financial performance, operations, and governance. As a result of current economic sanctions affecting Russian banks, we repaid our RUB 30 billion seven year term loan with VTB Bank on March 9, 2022 and two of our group-level loans with Sberbank and Alfa Bank respectively, totaling RUB 90 billion in total, were novated to PJSC VimpelCom, within the Russia operating segment, in April 2022 (refer to Note 8). This resulted in the release of the former borrower (VEON Finance Ireland DAC) and the former guarantor (VEON Holdings B.V.) from their obligations. In addition, the novation of these loans has allowed VEON to ensure that the majority of the Group's Russian ruble liabilities are held within Russia and as such are matched to the market where Russian ruble revenues are generated. We have also sufficiently reduced local debt levels below thresholds that would, upon any potential acceleration, trigger cross-defaults under the RCF or other debt instruments, however, this risk remains as it pertains to other provisions under RCF.
- Management has actively engaged with sanctions authorities where appropriate. On November 18, 2022, VEON announced that the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") issued General License 54 authorizing all transactions ordinarily incident and necessary to the purchase and receipt of any debt or equity securities of VEON Ltd. that would otherwise be prohibited by section 1(a)(i) of Executive Order (E.O.) 14071. OFAC General License 54 applies to all debt and equity securities of VEON Ltd. that were issued before June 6, 2022, and confirms that the authorization applies not only to the purchase and receipt of debt and equity securities, but also to transactions ordinarily incident and necessary to facilitating, clearing, and settling of such transactions. This General License ensures that all market participants can trade the relevant securities with confidence that such trading is consistent with E.O. 14071, which targeted "new investment" in Russia, and was issued following active engagement with OFAC on the topic. On January 18, 2023, OFAC has replaced the General License 54 originally issued on November 18, 2022 with General License 54A to now include both VEON Ltd. and VEON Holdings B.V.
- Management actively monitors the Company's liquidity position, our financial and non-financial provisions in our debt agreements, and our equity levels on a regular and continuous basis both at the group and operating company levels and should they reach a level considered at-risk, management will take actions to ensure our liquidity position is sufficient and our financial covenants and non-financial provisions in our debt agreements are met. In the event a default provision within our debt agreements is triggered, VEON is in regular communication with its relevant lenders and has an obligation to notify them of any default that occurs and is continuing to occur. Should this occur, VEON will proactively and promptly respond to queries from lenders on the relevant covenant breach and initiate negotiations with lenders should the need arise. As of August 29, 2023, the Company has satisfied all of its interest and capital payments and is not in default on any of its bonds or bank debt and has sufficient liquidity to satisfy our current obligations at least over the next twelve months from the issuance of the financial statements.
- On November 24, 2022, VEON announced the launch of a proposed scheme of arrangement (the "Scheme") in England via the issuance of a Practice Statement Letter to extend the maturity of the 5.95% notes due February 2023 and 7.25% notes due April 2023 issued by VEON Holdings B.V (" the Company") (together, the "2023 Notes") by eight months from their respective maturity dates. On January 24, 2023, the Scheme was approved by the Scheme creditors. On January 30, 2023, the Court sanctioned the Scheme. Upon approval by the Court, a standstill period was imposed which restricts 2023 Noteholders (and other Scheme creditors) from taking enforcement action (and other related actions) in accordance with the terms described in the Scheme. Management believes the amendments proposed by the Scheme will allow VEON necessary time to move towards completion of the VimpelCom disposal, while also reducing the risk of double payment of principal to holders of the 2023 Notes holding through the NSD (i.e. payments by both VEON Holdings B.V. and VimpelCom, with the portion paid by VEON Holdings B.V. being held in the international clearing systems). The Scheme is subject to obtaining the necessary remaining licenses from relevant government authorities. On April 3, 2023, VEON announced that each of the conditions has been satisfied in accordance with the terms of the Scheme, including receipt of all authorizations and/or licenses necessary to implement the amendments to the 2023 Notes (as set out in the Scheme). On April 4, 2023, the Scheme became effective. Pursuant to the amendments, Noteholders are entitled to payment of an amendment fee of 200bps payable on the 2023 Notes outstanding on their respective amended maturity dates and a put right will be granted requiring the Company to repurchase 2023 Notes held by 2023 Noteholders exercising such right, at a purchase price of 102 per cent of the principal amount ("2023 Put Option"), together with accrued and unpaid interest. The 2023 Put Option closed on April 19, 2023 with holders of US$165 of the October 2023 Notes and holders of US$294 of the December 2023 Notes exercising the Put Option. On April 20, 2023, VEON announced that subject to the terms of the 2023 Put Option, VEON Holdings will pay to the Holders of Notes accepted for purchase the Repurchase Price for their Notes on April 26, 2023. Following the settlement of the Put Option, the aggregate principal amount of Notes outstanding is US$364 for the October 2023 Notes and US$406 for the December 2023 Notes.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

- Management is actively monitoring any new developments in new laws and regulations to ensure that we are in compliance and to evaluate any potential impact on the Company's financial performance, operations and governance. As a result of the sweeping export control restrictions on Russia's ability to obtain goods, software and technology imposed by the United States, the Company is currently developing contingency plans to maximize the use of existing equipment in order to minimize the impact on our operations and results while also analyzing the potential for applying for licenses and the applicability of certain exceptions to the licensing requirements with respect to Russia in order to permit continued procurement of goods, software and technology subject to U.S. export control jurisdiction.

The accompanying consolidated financial statements have been prepared on a going concern basis. In accordance with International Accounting Standards ("IAS") 1, Presentation of Financial Statements, the Company has determined that the aforementioned conditions and events, considered in the aggregate, may cast significant doubt about the Company's ability to continue as a going concern for at least twelve months after the date these consolidated financial statements were authorized for issuance. Management expects the actions it has taken or will take will mitigate the risk associated with the identified events and conditions. However, given the uncertainty and exogenous nature of the ongoing conflict and potential future imposed sanctions as well as potential new counter-sanctions, and given the possible future imposition of external administration over our Russian and Ukrainian operations in particular, management concluded that a material uncertainty remains related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, such that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the 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 December 31, 2022.

A number of new and amended standards became effective as of January 1, 2023, which did not have a material impact on VEON financial statements. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

Amsterdam, August 29, 2023

VEON Holdings B.V.