Unaudited interim condensed consolidated financial statements

VEON Ltd.

As of and for the three-month period ended March 31, 2022

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

TABLE OF CONTENTS

Interim condensed consolidated income statement 2

Interim condensed consolidated statement of comprehensive income 3

Interim condensed consolidated statement of financial position 4

Interim condensed consolidated statement of changes in equity 5

Interim condensed consolidated statement of cash flows 6

General information about the Group 8

1 General information 8

Operating activities of the Group 10

2 Segment information 10

3 Income taxes 12

Investing activities of the Group 13

4 Significant events & transactions 13

5 Held for sale and discontinued operations 13

6 Property and equipment 15

7 Intangible assets 16

Financing activities of the Group 18

8 Investments, debt and derivatives 18

9 Cash and cash equivalents 21

10 Issued capital 22

11 Dividends paid and proposed 22

Additional information 23

12 Related parties 23

13 Risks, commitments, contingencies and uncertainties 23

14 Events after the reporting period 23

15 Basis of preparation of the interim condensed consolidated financial statements 23

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the three-month period ended March 31

(In millions of U.S. dollars, except per share amounts)	Note	2022	2021*
Service revenues		1,676	1,694
Sale of equipment and accessories		110	105
Other revenue		37	31
Total operating revenues	2	**1,823**	**1,830**
Other operating income		2	—
Service costs		(304)	(326)
Cost of equipment and accessories		(103)	(101)
Selling, general and administrative expenses		(645)	(595)
Depreciation		(360)	(377)
Amortization		(86)	(66)
Impairment (loss) / reversal		(472)	(2)
Gain / (loss) on disposal of non-current assets		9	(4)
Gain / (loss) on disposal of subsidiaries		(1)	—
Operating profit / (loss)		**(137)**	**359**
Finance costs		(177)	(164)
Finance income		6	2
Other non-operating gain / (loss)		13	5
Net foreign exchange gain / (loss)		111	10
Profit / (loss) before tax from continuing operations		**(184)**	**212**
Income tax expense	3	26	(86)
Profit / (loss) from continuing operations		**(158)**	**126**
Profit / (loss) after tax from discontinued operations	5	61	12
Profit / (loss) for the period		**(97)**	**138**
Attributable to:			
The owners of the parent (continuing operations)		(169)	125
The owners of the parent (discontinued operations)		28	5
Non-controlling interest		44	8
		(97)	**138**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent			
from continuing operations		**($0.10)**	**$0.07**
from discontinued operations		**$0.02**	**$—**
		($0.08)	**$0.07**

**Prior period comparatives are adjusted following the classification of Algeria 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 three-month period ended March 31

(In millions of U.S. dollars)	2022	2021
Profit / (loss) for the period	**(97)**	**138**
Items that may be reclassified to profit or loss		
Foreign currency translation	(250)	(2)
Other	—	(3)
Items reclassified to profit or loss		
Other	—	1
Other comprehensive income / (loss), net of tax	**(250)**	**(4)**
Total comprehensive income / (loss), net of tax	**(347)**	**134**
Attributable to:		
The owners of the parent	(361)	135
Non-controlling interests	14	(1)
	(347)	**134**

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	March 31, 2022	December 31, 2021
Assets			
Non-current assets			
Property and equipment	6	6,375	6,717
Intangible assets	7	2,522	3,244
Investments and derivatives	8	90	99
Deferred tax assets		223	228
Other assets		216	216
Total non-current assets		**9,426**	**10,504**
Current assets			
Inventories		91	111
Trade and other receivables		657	690
Investments and derivatives	8	91	86
Current income tax assets		94	70
Other assets		312	344
Cash and cash equivalents	9	1,977	2,252
Total current assets		**3,222**	**3,553**
Assets classified as held for sale	5	1,874	1,864
Total assets		**14,522**	**15,921**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		227	586
Non-controlling interests		923	919
Total equity		**1,150**	**1,505**
Non-current liabilities			
Debt and derivatives	8	8,275	9,404
Provisions		74	87
Deferred tax liabilities		30	115
Other liabilities		36	36
Total non-current liabilities		**8,415**	**9,642**
Current liabilities			
Trade and other payables		1,776	2,031
Debt and derivatives	8	1,754	1,242
Provisions		99	109
Current income tax payables		224	228
Other liabilities		719	773
Dividends payable to the owners and NCI		4	—
Total current liabilities		**4,576**	**4,383**
Liabilities associated with assets held for sale	5	381	391
Total equity and liabilities		**14,522**	**15,921**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-month period ended March 31, 2022

(In millions of U.S. dollars, except share amounts)	Note	Attributable to equity owners of the parent: Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2022		**1,749,127,404**	**2**	**12,753**	**(1,990)**	**(1,246)**	**(8,933)**	**586**	**919**	**1,505**
Profit / (loss) for the period		—	—	—	—	(141)	—	(141)	44	(97)
Reclassifications		—	—	—	21	166	(187)	—	—	—
Other comprehensive income / (loss)		—	—	—	—	—	(220)	(220)	(30)	(250)
Total comprehensive income / (loss)		**—**	**—**	**—**	**21**	**25**	**(407)**	**(361)**	**14**	**(347)**
Dividends declared	11	—	—	—	—	—	—	—	(11)	(11)
Other		—	—	—	2	—	—	2	1	3
As of March 31, 2022		**1,749,127,404**	**2**	**12,753**	**(1,967)**	**(1,221)**	**(9,340)**	**227**	**923**	**1,150**

for the three-month period ended March 31, 2021

(In millions of U.S. dollars)	Note	Attributable to equity owners of the parent: Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2021		**1,749,127,404**	**2**	**12,753**	**(1,898)**	**(1,919)**	**(8,775)**	**163**	**850**	**1,013**
Profit / (loss) for the period		—	—	—	—	130	—	130	8	138
Other comprehensive income / (loss)		—	—	—	—	(2)	7	5	(9)	(4)
Total comprehensive income / (loss)		**—**	**—**	**—**	**—**	**128**	**7**	**135**	**(1)**	**134**
Dividends declared	11	—	—	—	—	—	—	—	—	—
Other		—	—	—	1	(1)	—	—	—	—
As of March 31, 2021		**1,749,127,404**	**2**	**12,753**	**(1,897)**	**(1,792)**	**(8,768)**	**298**	**849**	**1,147**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three-month period ended March 31

(In millions of U.S. dollars)	Note	2022	2021*
Operating activities			
Profit / (loss) before tax from continuing operations		(184)	212
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		918	445
(Gain) / loss on disposal of non-current assets		(9)	4
(Gain) / loss on disposal of subsidiaries		1	—
Finance costs		177	164
Finance income		(6)	(2)
Other non-operating (gain) / loss		(13)	(5)
Net foreign exchange (gain) / loss		(111)	(10)
Changes in trade and other receivables and prepayments		(33)	(71)
Changes in inventories		2	(1)
Changes in trade and other payables		(47)	6
Changes in provisions, pensions and other		18	5
Interest paid		(140)	(132)
Interest received		7	2
Income tax paid		(87)	(65)
Net cash flows from operating activities from continuing operations		**493**	**552**
Net cash flows from operating activities from discontinued operations		**72**	**44**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(505)	(538)
Receipts from / (payments on) deposits		(4)	2
Receipts from / (investment in) financial assets		6	(13)
Acquisition of a subsidiary, net of cash acquired		(1)	—
Proceeds from sales of share in subsidiaries, net of cash		4	—
Other proceeds from investing activities, net		8	3
Net cash flows from / (used in) investing activities from continuing operations		**(492)**	**(546)**
Net cash flows from / (used in) investing activities from discontinued operations		**(26)**	**(34)**
Financing activities			
Proceeds from borrowings, net of fees paid**		1,048	202
Repayment of debt		(1,249)	(348)
Acquisition of non-controlling interest		—	(273)
Dividends paid to non-controlling interests		(7)	—
Other movements, net		1	—
Net cash flows from / (used in) financing activities from continuing operations		**(207)**	**(419)**
Net cash flows from / (used in) financing activities from discontinued operations		**(5)**	**(6)**
Net (decrease) / increase in cash and cash equivalents		(165)	(409)
Net foreign exchange difference related to continuing operations		(57)	1
Net foreign exchange difference related to discontinued operations		(3)	—
Cash and cash equivalents classified as held for sale at the beginning of the period		113	—
Cash and cash equivalents classified as held for sale at the end of the period		(150)	—
Cash and cash equivalents at beginning of period, net of overdrafts		2,239	1,586
Cash and cash equivalents at end of period, net of overdrafts*	**9**	**1,977**	**1,178**

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

** *Fees paid for borrowings were US$4 (2021: US$16).*

*** *Overdrawn amount was US$0 (2021: US$13).*

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 Ltd. (**"VEON"**, the **"Company"** and together with its consolidated subsidiaries, the **"Group"** or **"we"**) was incorporated in Bermuda on June 5, 2009. The registered office of VEON is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. VEON's headquarters and the principal place of business is located at Claude Debussylaan 88, 1082 MD Amsterdam, the Netherlands.

VEON generates revenue from the provision of voice, data and other telecommunication services through a range of mobile and fixed-line technologies, as well as selling equipment and accessories.

The 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, except for share and per share (or American Depository Shares (**"ADS"**)) amounts and as otherwise indicated.

VEON's ADSs are listed on the NASDAQ Global Select Market (**"NASDAQ"**) and VEON's common shares are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**").

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 15* of these consolidated financial statements.

Major developments during the three-month period ended March 31, 2022

Financing activities

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.

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

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

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 the RUB 30 billion (US$259) Term Facility Agreement with VTB Bank in accordance with its terms, and the facility was cancelled.

In March 2022, Kyivstar fully prepaid the UAH 1,350 million (US$46) loan with JSC CitiBank and also prepaid a portion of the UAH 1,677 million loan with Alfa Bank (UAH 1,003 million (US$34)).

Other developments

On February 24, 2022, a military conflict began between Russia and Ukraine and as of June 28, 2022, the conflict is still ongoing. Refer to Note 15 for further details.

On March 31, 2022, Banglalink 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.

Changes to Board of Directors

Notes to the interim condensed consolidated financial statements

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

On January 5, 2022, VEON announced the appointment of Karen Linehan to the Board of Directors as a non-executive director, following the resignation of Steve Pusey in 2021.

On March 1, 2022, VEON announced the resignation of Mikhail Fridman from the Board of Directors, effective from February 28, 2022.

On March 8, 2022, VEON announced the resignation of Robert Jan van de Kraats from the Board of Directors, effective from March 7, 2022.

On March 16, 2022, VEON announced the appointment of Michiel Soeting to the Board of Directors as a non-executive director and Chairman of the Audit and Risk Committee, following the resignation of Robert Jan van de Kraats on March 7, 2022.

Major developments during the three-month period ended March 31, 2021

Financing activities

In March 2021, VEON successfully entered into a new multi-currency revolving credit facility agreement (the "**RCF**") of US$1,250. The RCF replaces the revolving credit facility signed in February 2017, which is now cancelled. Refer Note 8 for further details.

In March 2021, VEON successfully amended and restated its existing RUB 30 billion (US$396), bilateral term loan agreement with Alfa Bank by adding a new floating rate tranche of RUB 15 billion (US$198). Refer to Note 8 for further details.

Other developments

In March 2021, VEON successfully concluded the acquisition of the 15% minority stake in Pakistan Mobile Communications Limited from the Dhabi Group for US$273. Refer to Note 8 for further details.

In March 2021, VEON's operating company in Bangladesh acquired spectrum following successful bids at an auction held by the BTRC. Banglalink will invest approximately BDT 10 billion (US$115) to purchase the spectrum. Refer to Note 4 for further details.

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 consist of Russia, Pakistan, Ukraine, Kazakhstan, Uzbekistan and Bangladesh. 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 Georgia and "HQ and eliminations" represents transactions related to management activities within the group.

Financial information by reportable segment for the three-month period ended March 31, 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.

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Russia	628	690	125	131	101	97	3	2	857	920
Pakistan	306	318	—	—	5	5	28	24	339	347
Ukraine	257	227	17	16	—	—	2	1	276	244
Kazakhstan	124	102	12	22	4	2	2	1	142	127
Uzbekistan	53	45	—	—	—	—	—	—	53	45
Bangladesh	142	132	—	—	—	—	3	3	145	135
Others	20	18	—	—	—	—	—	—	20	18
HQ and eliminations	(5)	(7)	(3)	—	—	1	(1)	—	(9)	(6)
Total	**1,525**	**1,525**	**151**	**169**	**110**	**105**	**37**	**31**	**1,823**	**1,830**

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2022	2021	2022	2021
Russia	327	361	191	199
Pakistan	158	156	84	92
Ukraine	171	167	22	39
Kazakhstan	66	66	18	21
Uzbekistan	27	22	4	12
Bangladesh	55	55	52	26
Others	7	6	3	3
HQ and eliminations	(38)	(25)	3	—
Total	**773**	**808**	**377**	**392**

The following table provides the reconciliation of Profit / (loss) before tax from continuing operations to Total Adjusted EBITDA for the three-month period ended March 31:

Notes to the interim condensed consolidated financial statements

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

	2022	2021
Profit / (loss) before tax from continuing operations	**(184)**	**212**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA		
Depreciation	360	377
Amortization	86	66
Impairment loss / (reversal)	472	2
(Gain) / loss on disposal of non-current assets	(9)	4
Finance costs	177	164
Finance income	(6)	(2)
Other non-operating (gain) / loss	(13)	(5)
Net foreign exchange (gain) / loss	(111)	(10)
Total Adjusted EBITDA	**773**	**808**

(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 three-month period ended March 31:

	2022	2021
Current income taxes	(65)	(86)
Deferred income taxes	91	—
Income tax expense	**26**	**(86)**
Effective tax rate	(14.1)%	(40.6)%

The difference between the statutory tax rate in the Netherlands (25.8%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2022 (-14.1%) was primarily driven by US$ 446 of goodwill impairment (Note 7) which was disallowed for tax purpose. At the same time, deferred tax was majorly driven by a reversal of the withholding tax provided for as a deferred tax on outside basis during 2021 on the dividends planned to be paid out in 2022 of US$ 76, and a change in deferred tax assets which have not been recognized by US$14.

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2021, (-40.6%) 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 deferred tax assets which have not been recognized.

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

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT EVENTS & TRANSACTIONS

During the three-month period ended March 31, 2022

VEON subsidiary Banglalink successfully acquires 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.

Sale of Georgia operations

On March 31, 2022, VEON Georgia Holdings B.V. entered a non-binding share purchase agreement with Miren Invest LLC, VEON's former local partner, for the sale of VEON Georgia LLC, our operating company in Georgia, for US$45, subject to VEON corporate approvals and regulatory approvals. Upon completion of the sale of Georgia, cumulative currency translation losses will be recycled through the consolidated income statement. The cumulative currency translation amount as of March 31, 2022 is US$49. Refer to Note 14 for subsequent development after the reporting period.

During the three-month period ended March 31, 2021

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

In March 2021, Banglalink, the Company's wholly-owned subsidiary in Bangladesh, acquired 4.4MHz spectrum in the 1800MHz band and 5MHz spectrum in 2100MHz band following successful bids at an auction held by the Bangladesh Telecommunication Regulatory Commission (BTRC). The newly acquired spectrum will see Banglalink increase its total spectrum holding from 30.6MHz to 40MHz. Banglalink will invest approximately BDT 10 billion (US$115) to purchase the spectrum. The allotment of the license to Bangladesh took place in April 2021.

5 HELD FOR SALE AND DISCONTINUED OPERATIONS

The following table provides the details over assets and liabilities classified as held-for-sale as of March 31, 2022:

	Assets held-for-sale	Liabilities held-for-sale
Algeria	1,859	381
Other individual assets	15	—
Total assets and liabilities held for sale	**1,874**	**381**

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 is expected to be completed in Q3 2022 for a sale price of US$682.

The Company classified its operations in Algeria as held-for-sale and discontinued operations. In connection with this classification, the Company no longer accounts for depreciation and amortization expenses of Algeria assets as of July 1, 2021. The sale remains highly probable and as such, the classification as held-for-sale remains appropriate. The results for Algeria in the consolidated income statements and the consolidated statements of cash flows for the three-month periods ended March 31, 2022 and 2021 have been presented separately.

There were no triggering events indicating any impairment or decline in the fair value of Algeria subsequent to its measurement as held for sale and discontinued operation. As such, the net assets of Algeria are presented at lower of cost and fair value less costs to sell.

The following table shows the profit/(loss) and other comprehensive income relating to Algeria operations for the three-month periods ended March 31, 2022:

Notes to the interim condensed consolidated financial statements

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

	Three-month period	
Income statement and statement of comprehensive income	**2022**	**2021**
Operating revenue	162	159
Operating expenses	(91)	(141)
Other expenses	(4)	(2)
Profit / (loss) before tax for the period	67	16
Income tax benefit / (expense)	(6)	(4)
Profit / (loss) after tax for the period	61	12
Other comprehensive income / (loss)*	(37)	(20)
Total comprehensive income / (loss)	**24**	**(8)**

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

The following table shows the assets and liabilities classified as held-for-sale relating to Algeria as of March 31, 2022:

	2022
Property and equipment	542
Intangible assets excl. goodwill	111
Goodwill	974
Other non-current assets	34
Other current assets	198
Total assets held for sale	**1,859**
Non-current liabilities	99
Current liabilities	282
Total liabilities held for sale	**381**

Net assets of the discontinued operations of Algeria includes US$684 relating to cumulative currency translation losses as of March 31, 2022, which will be recycled through the consolidated income statement upon the completion of the sale.

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 three-month period ended March 31:

	2022	2021
Balance as of January 1	**6,717**	**6,879**
Additions	620	522
Disposals	(13)	(16)
Depreciation	(360)	(416)
Impairment*	(23)	(6)
Currency translation	(566)	(49)
Balance as of March 31	**6,375**	**6,914**

*This includes an impairment recorded for US$20 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 three-month period ended March 31.

	2022	2021
Balance as of January 1	**3,244**	**4,152**
Additions	42	44
Disposals and write off	(2)	
Impairment	(446)	—
Amortization	(86)	(72)
Currency translation	(230)	(16)
Balance as of March 31	**2,522**	**4,108**

Goodwill

Included within total intangible asset movements for the three-month period ended March 31, 2022, as shown above, are the following movements in goodwill for the group, per cash generating unit (**"CGU"**):

CGU	March 31, 2022	Impairment	Divestments and reclassification to HFS	Currency translation	December 31, 2021
Russia	514	(446)	2	(126)	1,084
Pakistan	277	—	—	(10)	287
Kazakhstan	128	—	—	(8)	136
Uzbekistan	33	—	—	(2)	35
Total	**952**	**(446)**	**2**	**(146)**	**1,542**

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, 2021. 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, 2021.

Impairment losses in 2022

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 related annual report on Form 20-F.

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$446m against the carrying value of goodwill in Russia in the first quarter of 2022. The recoverable amount of the CGU of US$1,886m 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.

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

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	4.1 %	1.6 %	**3.7 %**	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, five years (2022-2026) for comparative and terminal period (2028/2027)*
*** CAPEX excludes licenses and ROU*

The Company also performed impairment testing for the Ukraine CGU during the first quarter of 2022. Based on the recoverable amount of the CGU of US$1,463m, no goodwill impairment loss was recorded. For any write-off booked for property, plant and equipment during the quarter 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	**3.7%**	**2.7%**
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
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.

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

Table of Contents

FINANCING ACTIVITIES OF THE GROUP

8 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	March 31, 2022	December 31, 2021
At fair value		
Derivatives not designated as hedges	—	—
Derivatives designated as net investment hedges	—	—
Investments in debt instruments	—	—
Other	37	37
	37	**37**
At amortized cost		
Security deposits and cash collateral	51	49
Bank deposits	4	—
Other investments	89	99
	144	**148**
Total investments and derivatives	**181**	**185**
Non-current	90	99
Current	91	86

The Company holds the following debt and derivative liabilities:

	March 31, 2022	December 31, 2021
At fair value		
Derivatives not designated as hedges	2	4
Derivatives designated as net investment hedges	—	4
	2	**8**
At amortized cost		
Principal amount outstanding	7,063	7,595
Interest accrued	101	86
Discounts, unamortized fees, hedge basis adjustment	(15)	(15)
Bank loans and bonds	**7,149**	**7,666**
Lease liabilities	2,607	2,667
Put-option liability over non-controlling interest	14	16
Other financial liabilities	257	289
	10,027	**10,638**
Total debt and derivatives	**10,029**	**10,646**
Non-current	8,275	9,404
Current	1,754	1,242

Notes to the interim condensed consolidated financial statements

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

Significant changes in financial assets and financial liabilities

There were no significant changes in financial assets and liabilities in the three-month period ended March 31, 2022, 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, 2021.

During the three-month period ended March 31, 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.

PMCL secures syndicated credit facility

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

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.

Kyivstar prepays debt facilities

In March 2022, Kyivstar fully prepaid a UAH 1,350 million (US$46) loan with JSC CitiBank and also prepaid a portion of a UAH 1,677 million loan with Alfa Bank (UAH 1,003 million (US$34)).

During the three-month period ended March 31, 2021

Acquisition of minority stake in PMCL

In March 2021, VEON successfully concluded the acquisition of the 15% minority stake in Pakistan Mobile Communications Limited ("PMCL"), its operating company in Pakistan, from the Dhabi Group for US$273. This transaction follows the Dhabi Group's exercise of its put option in September 2020 and gives VEON 100% ownership of PMCL. The transaction is presented within 'Acquisition of non-controlling interest' within the Consolidated Statement of Cash Flows.

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

In March 2021, VEON successfully entered into a new multi-currency revolving credit facility agreement (the "RCF") of US$1,250. The RCF replaces the revolving credit facility signed in February 2017, which is now cancelled. The RCF has an initial tenor of three years, with the Company having the right to request two one-year extensions, subject to lender consent. International banks from Asia, Europe and the US have committed to the RCF. The new RCF caters for USD LIBOR cessation with the secured overnight financing rate ("SOFR") administered by the Federal Reserve Bank of New York USA agreed as the replacement risk free rate with credit adjustment spreads agreed for interest periods with a one month, three months and six month tenor. SOFR will apply to interest periods commencing on and from October 31, 2021 (or earlier if USD LIBOR is no longer published or ceases to be representative prior to that date). The Company will have the option to make each drawdown in either U.S. dollars or euro.

PMCL enters into PKR 20 billion (US$131) loan facilities

In March 2021, PMCL successfully entered into a new PKR 15 billion (US$98) syndicated facility with MCB Bank as agent and PKR 5 billion (US$33) bilateral term loan facility with United Bank Limited. Both these floating rate facilities have a tenor of seven years.

VEON increases facility with Alfa Bank

In March 2021, VEON successfully amended and restated its existing RUB 30 billion (US$396) bilateral term loan agreement with Alfa Bank and increased the total facility size to RUB 45 billion (US$594), by adding a new floating rate tranche of RUB 15 billion (US$198). The new tranche has a five-year term.

Subsequently, in April 2021, the proceeds from the new tranche were used to early repay RUB 15 billion of loans from Sberbank, originally maturing in June 2023.

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, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$5,477 at March 31, 2022 (December 31, 2021: US$7,709); and
- 'Lease liabilities', for which fair value has not been determined.

Fair values were estimated based on quoted market prices (for bonds), derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with similar maturity and risk profile.

As of March 31, 2022 and December 31, 2021, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs. Observable inputs (Level 2) used in valuation techniques include inter-bank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads. During the three-month period ended March 31, 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

All impairment losses and changes in fair values of investments, debt and derivatives are unrealized and are recorded in "Other non-operating gain / (loss)" in the consolidated income statement.

Notes to the interim condensed consolidated financial statements

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

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	March 31, 2022	December 31, 2021
Cash at banks and on hand	1,263	1,485
Short-term deposits with original maturity of less than three months	714	767
Cash and cash equivalents*	**1,977**	**2,252**
Less overdrafts	—	(13)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	**1,977**	**2,239**

*Cash and cash equivalents include an amount of US$73 relating to banking operations in Pakistan.

As of March 31, 2022 and December 31, 2021, there were no restricted cash and cash equivalent balances. Cash balances as of March 31, 2022 include investments in money market funds of US$202 (December 31, 2021: US$397).

As of March 31, 2022, some bank accounts forming part of a cash pooling program and being an integral part of the Company's cash management remained overdrawn by US$0 (December 31, 2021: US$13). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as financial liabilities within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows.

Notes to the interim condensed consolidated financial statements

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

10 ISSUED CAPITAL

The following table details the common shares of the Company as of:

	March 31, 2022	December 31, 2021
Authorized common shares (nominal value of US$0.001 per share)	1,849,190,667	1,849,190,667
Issued shares, including 7,603,731 shares held by a subsidiary of the Company	1,756,731,135	1,756,731,135

The holders of common shares are, subject to our by-laws and Bermuda law, generally entitled to enjoy all the rights attaching to common shares.

11 DIVIDENDS PAID AND PROPOSED

There were no dividends declared by VEON Ltd in the three-month period ended March 31, 2022.

The Company makes appropriate tax withholdings of up to 15% when dividends are paid to the Company's share depository, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, dividends are paid in euro.

Notes to the interim condensed consolidated financial statements

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

ADDITIONAL INFORMATION

12 RELATED PARTIES

For the three-month period ended March 31, 2022, there were no material transactions, and there were no material balances recognized with related parties as of this date.

13 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the three-month period ended March 31, 2022.

14 EVENTS AFTER THE REPORTING PERIOD

Ongoing conflict between Russia and Ukraine

As of June 28, 2022, the conflict between Russia and Ukraine remains ongoing.

Financing activities

In April 2022, the drawn portion from Alfa Bank under the RCF (US$43) was repaid. The drawn portion from Raiffeisen Bank Russia (US$24) was repaid in May 2022.

In April 2022, VEON novated two group-level loans, with Sberbank and Alfa Bank respectively, and totaling RUB 90 billion (US$1,070), to PJSC VimpelCom, with the former borrower, VEON Finance Ireland DAC and the former guarantor, VEON Holdings B.V., having been released from their obligations.

In April 2022, Jazz signed a PKR 40 billion (US$220) syndicated loan with a 10 year maturity.

In April 2022, Banglalink, a subsidiary of the Company in Bangladesh, signed a BDT 12 billion (US$139) syndicated loan with a five years maturity. During May 2022, Banglalink utilized BDT 9 billion (US$104) of the total syndicated loan to repay the remaining outstanding portion of the 2017 syndicated loan.

In April and May 2022, VEON Holdings B.V. has 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.

In April 2022, Kyivstar prepaid a portion of UAH 1,275 million loan with JSC Credit Agricole: UAH 940 million (US$32) was repaid.

Other developments

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.

On April 12, 2022, VEON confirmed that on April 7, 2022 VEON received notification from the Listing Qualifications Department of NASDAQ that VEON is not in compliance with the minimum bid price requirement set forth in NASDAQ's Listing Rule 5550(a)(2). This does not impact current NASDAQ listing and trading, and VEON will evaluate options to return to compliance.

On May 25, 2022 VEON announced that its Board of Directors and its Nominating and Corporate Governance Committee have recommended 11 individuals for the Board, including eight directors currently serving on the Board: Hans-Holger Albrecht, Yaroslav Glazunov, Andrei Gusev, Gunnar Holt, Karen Linehan, Irene Shvakman, Vasily Sidorov and Michiel Soeting.

Augie Fabela, Morten Lundal and Stan Miller have been included on the recommended slate. The Board also announced that Gennady Gazin, Leonid Boguslavsky and Sergi Herrero did not put themselves up for reelection.

Sale of Georgia operations

As disclosed in Note 4, the required approvals were obtained in May 2022 for the sale of Georgia and the sale agreement was completed on June 8, 2022.

15 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three-month period ended March 31, 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (**"IASB"**).

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, 2021.

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.

Ongoing conflict between Russia and Ukraine

As of June 28, 2022, hostilities continue in Ukraine. 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 June 28, 2022, most of our Ukraine subsidiary's employees remain in the country. As of June 28, 2022, millions of people have fled Ukraine and the country has sustained significant damage to infrastructure and assets.

If the ongoing conflict persists, we could lose a 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. We have been and will also 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. 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.

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, and the consequences of all the foregoing, have negatively impacted and will continue to negatively impact our operations and results in Russia and Ukraine, and may affect our operations and results in the other countries in which we operate. Refer to Form 20-F 2021 *Item 3.D—Risk Factors – Market Risks – We have suffered reputational harm as a result of the ongoing conflict between Russia and Ukraine*.

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:

- 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. Currently, a significant majority of Ukraine's network infrastructure is operating effectively and disruptions in service are limited to specific areas where the conflict is most intense.

- We have recorded material impairment charges with respect to goodwill in Russia and have also recorded impairment charges related to assets in Ukraine during the period ended March 31, 2022 (refer to Note 6 and Note 7 for additional information), 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.

- In Russia, macroeconomic conditions and outlook have deteriorated significantly since the beginning of the conflict. We expect our results of operations in Russia on a U.S. dollar basis to be lower for the foreseeable future compared to results prior to the onset of the conflict, largely due to the volatility of the Russian ruble.

- As of June 28, 2022, the Company has concluded that neither VEON Ltd. nor any of its subsidiaries is subject to any sanctions imposed by 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 US foreign policy and national security interests, the US government has broad discretion to at times impose a broad range of extraterritorial “secondary” sanctions under which non-US 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 US 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 US 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 the Company’s operations and business plans in Russia and Ukraine. In addition, we are still assessing the potential impact of the recently introduced guidance regarding the ban on “new investment” in the Russian Federation by U.S. 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 needs of additional financing. Our current liquidity forecast assumes the completion of the anticipated sale of our business in Algeria as disclosed in Note 5, the remaining availability of the revolving credit facility, and no early repayments of our long-term debt. The Company also expects to meet its financial covenants as required by our debt agreements during the same period. However, these are highly 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 continued 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, as is the case when central banks raise benchmark interest rates, 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.

- 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, there are laws under review by the Ukrainian government regarding nationalization of property and assets in Ukraine with association to the Russian Federation. Such measures, if adopted and applied in relation to either our Ukrainian or Russian subsidiary, or both, could lead to the involuntary deconsolidation of our Ukrainian and/or Russian operations. Additionally, 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.

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.

- The Company has performed sensitivities on the volatility of the Russian ruble 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. This resulted in the release of the former borrower (VEON Finance Ireland DAC) and the former guarantor (VEON Holdings BV) from their obligations. In addition, the novation of these loans has allowed VEON to ensure that the majority of the Group's RUB liabilities are held within Russia and as such are matched to the market where RUB revenues are generated, enabling further review of the capital structure of PJSC VimpelCom.

- 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.

- 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. The United States imposed sweeping new 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 will negatively impact our operations and results of operation in Russia. 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 in order to permit continued procurement of goods, software and technology subject to U.S. export control jurisdiction.

The accompanying unaudited interim condensed 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.

Notes to the interim condensed consolidated financial statements

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

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, 2021.

A number of new and amended standards became effective as of January 1, 2022, 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, June 28, 2022

VEON Ltd.