Consolidated financial statements

VEON Ltd.

As of December 31, 2023 and
for the three years then ended

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UHY LLP
Certified Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of VEON Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of VEON Ltd. (the "Company"), as of December 31, 2023, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated October 17, 2024, expressed an unqualified opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed within Note 24 to the consolidated financial statements, the Company has been negatively impacted and will continue to be negatively impacted by the consequences of the Russian government's invasion of Ukraine, and has stated that these events or conditions indicate that a material uncertainty exists that may cast significant doubt (or raise substantial doubt as contemplated by PCAOB standards) on the Company's ability to continue as a going concern. Management's plans regarding these matters are also described within Note 24. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinion on the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Emphasis of Matter – Discontinued Russian Operations

As discussed in Notes 1, 9 and 10 to the consolidated financial statements, the Company completed its exit from Russia with the closing of the sale of its Russian operations during the year ended December 31, 2023. The results of the Company's former Russian operations have been presented as discontinued operations in the accompanying consolidated financial statements. Our opinion is not modified with respect to this matter.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Carrying Value of Bangladesh Cash Generating Unit

As described in Notes 11 and 13 to the consolidated financial statements, in accordance with International Accounting Standard (“IAS”) 36 *Impairment of Assets*, the Company calculates the fair value less cost of disposal (“FVLCD”) for cash generating units (“CGUs”) to determine whether an adjustment to the carrying value of the CGU is required. As of December 31, 2023, the Company has recorded $1,619 million of intangible assets, which includes $311 million of definite-lived intangible assets in respect to the Company's Bangladesh cash generating unit. The Company's assessment of the FVLCD of its CGUs involves estimation about the future performance of the CGU. In particular, the determination of the FVLCD for Bangladesh was sensitive to the significant assumptions of projected discount rates, EBITDA growth, projected capital expenditures, long-term revenue growth rate, and the related terminal values.

The principal considerations for our determination that the Company’s annual impairment test for the Bangladesh CGU is a critical audit matter are (i) the significant judgments made by management when developing the FVLCD of the CGU; (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions as described above; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

The primary procedures we performed to address the critical audit matter included:

- We obtained an understanding, evaluated the design and implementation, and tested the effectiveness of controls relating to management’s impairment assessment, including controls over the valuation of the Bangladesh CGU.
- With the assistance of our valuation specialists, we evaluated the methodology applied in the FVLCD model, as compared to the requirements of IAS 36, including the mathematical accuracy of management’s model.
- We tested the completeness, accuracy and relevance of underlying data used in the model, assessing the appropriateness of management’s identification of the cash-generating unit, recalculating the carrying values and confirming the exchange rates applied and performed a retrospective review of the prior year estimates by comparing the current year actual results to those projected in the prior year.
- We assessed the key assumptions used in calculating FVLCD discussed above and we evaluated the composition of management’s future cash flow forecasts and corresponding assumptions which included the consideration of (i) the current and past performance of the Bangladesh CGU; (ii) the consistency with external market and industry data; (iii) the corroboration of strategic initiatives in Bangladesh with evidence obtained in other areas of the audit, including the assessment of the impact of political regulations and the macroeconomic conditions in Bangladesh within the business plan; (iv) assessing any indications of management bias in determining the significant assumptions; (v) assessing the adequacy of disclosures in the consolidated financial statements regarding assumptions, sensitivities, and headroom; and (vi) the audit effort involved professionals with specialized skill and knowledge that were used to assist in the evaluation of the Company’s discounted cash flow model and significant assumptions.

Recognition and Recoverability of Deferred Tax Assets in Bangladesh

As described in Note 8 to the consolidated financial statements, the Company recognizes deferred tax assets in accordance with IAS 12 *Income Taxes*, based on whether management estimates that it is probable that there will be sufficient taxable profits in the relevant legal entity or tax group to allow the recognized assets to be recovered. The Company recognized deferred tax assets for losses carried forward for $134 million in Bangladesh as of December 31, 2023.

The principal considerations for our determination that the Company’s recognition and recoverability of deferred tax assets in Bangladesh is a critical audit matter are (i) the significant judgments and estimates applied by management in relation to future taxable profits and the period of time over which it is expected to utilize these assets; (ii) significant judgment is required to determine the amount that can be recognized which depends foremost on the probability assessment of the uncertain tax positions related to historic tax loss calculations, availability of future taxable profits, and the existence of taxable temporary differences; (iii) a high degree of auditor judgement, subjectivity; and effort in performing procedures and evaluating management’s significant assumptions as described above; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

The primary procedures we performed to address the critical audit matter included:

- We obtained an understanding, evaluated the design and implementation, and tested the effectiveness of controls relating to deferred tax assets and controls over the review and assessment of the recoverability of the deferred tax assets, including the assumptions and judgments used in the projections of future taxable income and controls over the review of required disclosures.

- We assessed the breakdown of the historic losses by year and the composition of the carried-forward deferred tax assets relating to tax losses.
- We evaluated and tested the corporate tax positions taken by management, assessed the recoverability of the deferred tax assets through agreeing the forecasted future taxable profits with approved business plans, assessed whether the underlying trends and assumptions in the forecasts used were consistent with those used in the impairment tests, and assessed the underlying assumptions and forecasted revenues and costs, ascertaining inclusion of all required elements in the forecast, and recalculating taxable profits based on the applicable tax rules.
- We assessed the past performance against business plans used by the company to determine the ability of management to forecast future taxable income, assessed whether there are any local expiry periods together with any applicable restrictions in recovery, and assessed the adequacy of the disclosures in the consolidated financial statements.
- Professionals with specialized skill and knowledge were used to assist in the evaluation of the valuation of the Company's deferred tax assets, including the interpretation of local tax regulations, and evaluating the reasonableness of management's assessment of whether deferred tax assets can be recognized in light of future taxable profits.

Valuation of "uncertain income tax positions" and "non-income tax provisions" in Pakistan

As described in Notes 7 and 8 to the consolidated financial statements, the Company recorded total provisions of $93 million related to uncertain income tax positions and $65 million related to non-income tax provisions as of December 31, 2023. "Uncertain income tax positions" and "non-income tax provisions" in Pakistan make up a significant portion of the total provisions recorded. Given that the tax legislation in the markets in which the Company operates is unpredictable and gives rise to significant uncertainties, management's estimate of tax liabilities may differ from interpretations by the relevant tax authorities as to how regulations should be applied to actual transactions. Judgment is therefore required by management to determine whether it is probable that an uncertain income tax position will not be sustained and to estimate the amounts in the range of most likely outcomes. Judgment is also required by management in determining the degree of probability of an unfavorable outcome for non-income tax claims and the ability of management to make a reasonable estimate of the amount of loss.

The principal considerations for our determination that performing procedures relating to the valuation of "uncertain income tax positions" and "non-income tax provisions" in Pakistan are a critical audit matter are (i) the application of significant judgment by management when assessing the likelihood that an uncertain income tax treatment is accepted by a tax authority and estimating the effect of the uncertainty; (ii) determining the degree of probability of an unfavorable non-income tax outcome and the ability to make a reasonable estimate of the amount of loss; (iii) a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management's estimation of uncertainty, which included, among others, assessing facts and circumstances and interpretations of uncertain income tax treatments which support management's judgments in the likelihood of sustaining an income tax position with the tax authorities and estimating the effect of the uncertainty based on the application of relevant tax laws as well as the likelihood of an unfavorable outcome for non-income tax claims and the reasonableness of the estimated amount of cash outflow; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

The primary procedures we performed to address the critical audit matter included:

- We obtained an understanding, evaluated the design and implementation, and tested the effectiveness of controls relating to the timely identification of new or changes in existing local tax laws, regulations, and judicial decisions, controls over the timely recognition of the liability for "uncertain income tax positions" and "non-income tax provisions" and controls over the review of required disclosures.
- We assessed key assumptions used in calculating the "uncertain tax positions" and "non-income tax positions" by (i) testing the information used in the calculation of the liability for "uncertain income tax positions" and "non- income tax provisions", including evaluating correspondence with tax authorities and assessing the outcomes of court decisions for industry-wide issues; (ii) testing the calculation and underlying estimates of the liability for "uncertain income tax positions" and "non-income tax provisions" by jurisdiction, including management's assessment of the technical merits of "uncertain income tax positions" as well as the technical merits of non-income tax claims; (iii) testing management's assessment of both the identification of "uncertain income tax positions" and "non-income tax provisions" and possible outcomes; (iv) evaluating the status and results of tax audits with the relevant tax authorities; and (v) assessing the adequacy of the disclosures in the consolidated financial statements.
- Professionals with specialized skill and knowledge were used to assist in the evaluation of the measurement of the Company's "uncertain income tax positions" and "non-income tax provisions", including evaluating the reasonableness of management's assessment of whether uncertain income tax positions are probable of being sustained and the amount of potential benefit to be realized, evaluating the reasonableness of management's assessment of the

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probability of an unfavorable outcome of the non-income tax claims and the reasonableness of the estimated amount of loss, the application of relevant tax laws, and estimated interest and penalties.

/s/ UHY LLP

We have served as the Company’s auditor since 2024.

Melville, New York
October 17, 2024

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of VEON Ltd.

Opinion on Internal Control over Financial Reporting

We have audited VEON Ltd.'s (the "Company") internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position and the related statements of income, comprehensive income, changes in equity, and cash flows for the year ended December 31, 2023, and the related notes (collectively, the consolidated financial statements) and our report dated October 17, 2024, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 15. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ UHY LLP

Melville, New York
October 17, 2024

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of VEON Ltd.

Opinion on the Financial Statements

We have audited the consolidated statement of financial position of VEON Ltd. and its subsidiaries (the "Company") as of December 31, 2022, and the related consolidated income statement and statements of comprehensive income, of changes in equity and of cash flows for each of the two years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the section "Going concern" in Note 24 to the consolidated financial statements, the Company has been negatively impacted and will continue to be negatively impacted by the consequences of the Russian government's invasion of Ukraine, and has stated that these events or conditions indicate that a material uncertainty exists that may cast significant doubt (or raise substantial doubt as contemplated by PCAOB standards) on the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in the section "Going concern" in Note 24. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Accountants N.V.
Amsterdam, the Netherlands
July 24, 2023

We served as the Company's auditor from 2014 to 2023.

CONSOLIDATED INCOME STATEMENT

for the years ended December 31

(In millions of U.S. dollars, except per share amounts)	Note	2023	2022	2021*
Service revenues		3,576	3,600	3,690
Sale of equipment and accessories		19	28	35
Other revenues		103	127	125
Total operating revenues	3	**3,698**	**3,755**	**3,850**
Other operating income		1	1	—
Service costs		(423)	(448)	(448)
Cost of equipment and accessories		(18)	(28)	(36)
Selling, general and administrative expenses	4	(1,646)	(1,533)	(1,526)
Depreciation	12	(527)	(557)	(605)
Amortization	13	(208)	(221)	(194)
Impairment reversal / (loss)	11	6	107	(27)
Gain / (Loss) on disposal of non-current assets		46	(1)	9
Gain on disposal of subsidiaries	9	—	88	—
Operating profit		**929**	**1,163**	**1,023**
Finance costs		(531)	(583)	(591)
Finance income		60	32	13
Other non-operating gain / (loss), net	15	20	9	26
Net foreign exchange gain / (loss)		81	181	(7)
Profit before tax from continuing operations		**559**	**802**	**464**
Income taxes	8	(179)	(69)	(344)
Profit from continuing operations		**380**	**733**	**120**
(Loss) / Profit after tax from discontinued operations and disposals of discontinued operations	10	(2,830)	(742)	681
(Loss) / profit for the period		**(2,450)**	**(9)**	**801**
Attributable to:				
The owners of the parent (continuing operations)		307	656	75
The owners of the parent (discontinued operations)		(2,835)	(818)	599
Non-controlling interest		78	153	127
		(2,450)	**(9)**	**801**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent:				
from continuing operations	20	$0.17	$0.37	$0.04
from discontinued operations	20	($1.61)	($0.46)	$0.34
Total	**20**	**($1.44)**	**($0.09)**	**$0.38**

**Prior year comparative for the year ended December 31, 2021 is adjusted following the classification of Russia as a discontinued operation (see Note 10.*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the years ended December 31

(In millions of U.S. dollars)	Note	2023	2022	2021
(Loss) / profit for the period		**(2,450)**	**(9)**	**801**
Items that may be reclassified to profit or loss				
Foreign currency translation		(598)	(480)	(200)
Reclassification of accumulated foreign currency translation reserve and net investment hedge reserve to profit or loss upon disposal of foreign operation	10	3,414	558	—
Other		(3)	—	(3)
Items that will not be reclassified to profit or loss				
Other		(16)	27	—
Other comprehensive income / (loss) for the period, net of tax		**2,797**	**105**	**(203)**
Total comprehensive income for the period, net of tax		**347**	**96**	**598**
Attributable to:				
The owners of the parent		271	(14)	513
Non-controlling interests		76	110	85
		347	**96**	**598**
Total comprehensive income / (loss) for the period, net of tax from:				
Continuing operations		188	234	(5)
Discontinued operations		159	(138)	603
		347	**96**	**598**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31

(In millions of U.S. dollars)	Note	2023	2022
Assets			
Non-current assets			
Property and equipment	12	2,898	2,848
Intangible assets	13	1,619	1,960
Investments and derivatives	16	53	71
Deferred tax assets	8	312	274
Other assets	6	178	157
Total non-current assets		**5,060**	**5,310**
Current assets			
Inventories		23	18
Trade and other receivables	5	542	456
Investments and derivatives	16	433	120
Current income tax assets	8	58	72
Other assets	6	200	208
Cash and cash equivalents	17	1,902	3,107
Total current assets		**3,158**	**3,981**
Assets classified as held for sale	10	—	5,792
Total assets		**8,218**	**15,083**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	19	858	569
Non-controlling interests		213	198
Total equity		**1,071**	**767**
Non-current liabilities			
Debt and derivatives	16	3,464	5,336
Provisions	7	44	47
Deferred tax liabilities	8	26	36
Other liabilities	6	29	20
Total non-current liabilities		**3,563**	**5,439**
Current liabilities			
Trade and other payables		1,200	1,087
Debt and derivatives	16	1,692	2,844
Provisions	7	81	59
Current income tax payables	8	154	180
Other liabilities	6	457	475
Total current liabilities		**3,584**	**4,645**
Liabilities associated with assets held for sale	10	—	4,232
Total equity and liabilities		**8,218**	**15,083**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2023

(In millions of U.S. dollars, except for share amounts)	Note	Number of shares outstanding	Attributable to equity owners of the parent						Non-controlling interests	Total equity
			Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total		
As of January 1, 2023		**1,753,356,676**	**2**	**12,753**	**(1,967)**	**(1,411)**	**(8,808)**	**569**	**198**	**767**
(Loss) / profit for the period		—	—	—	—	(2,528)	—	(2,528)	78	(2,450)
Transfer from OCI to income statement on disposal of subsidiary	10	—	—	—	—	—	3,414	3,414	—	3,414
Other comprehensive (loss)		—	—	—	(16)	(3)	(596)	(615)	(2)	(617)
Total comprehensive income / (loss)		**—**	**—**	**—**	**(16)**	**(2,531)**	**2,818**	**271**	**76**	**347**
Dividends declared	21	—	—	—	—	—	—	—	(45)	(45)
Disposal of subsidiaries with non-controlling interests	10	—	—	—	—	—	—	—	(16)	(16)
Other	22	2,608,109	—	—	15	3	—	18	—	18
As of December 31, 2023		**1,755,964,785**	**2**	**12,753**	**(1,968)**	**(3,939)**	**(5,990)**	**858**	**213**	**1,071**

for the year ended December 31, 2022

(In millions of U.S. dollars, except for share amounts)	Note	Number of shares outstanding	Attributable to equity owners of the parent						Non-controlling interests	Total equity
			Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total		
As of January 1, 2022		**1,749,127,404**	**2**	**12,753**	**(1,990)**	**(1,246)**	**(8,933)**	**586**	**919**	**1,505**
(Loss) / profit for the period		—	—	—	—	(162)	—	(162)	153	(9)
Transfer from OCI to income statement on disposal of subsidiary (reclassification adjustments)	10	—	—	—	—	—	558	558	—	558
Other comprehensive income / (loss) (excluding reclassification adjustments)		—	—	—	27	—	(437)	(410)	(43)	(453)
Total comprehensive income / (loss)		**—**	**—**	**—**	**27**	**(162)**	**121**	**(14)**	**110**	**96**
Dividends declared	21	—	—	—	—	—	—	—	(14)	(14)
Disposal of subsidiaries with non-controlling interests	10	—	—	—	—	—	—	—	(824)	(824)
Changes in ownership interest in a subsidiary		—	—	—	—	(3)	4	1	7	8
Other	22	4,229,272	—	—	(4)	—	—	(4)	—	(4)
As of December 31, 2022		**1,753,356,676**	**2**	**12,753**	**(1,967)**	**(1,411)**	**(8,808)**	**569**	**198**	**767**

** Certain of the consolidated entities of VEON Ltd. are restricted from remitting funds in the form of cash dividends or loans by a variety of regulations, contractual or local statutory requirements, refer to Note 26 for further details.*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2021

(In millions of U.S. dollars, except for share amounts)	**Note**	Number of shares outstanding	Attributable to equity owners of the parent						Non-controlling interests	Total equity
			Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total		
As of January 1, 2021		**1,749,127,404**	**2**	**12,753**	**(1,898)**	**(1,919)**	**(8,775)**	**163**	**850**	**1,013**
Profit for the period		—	—	—	—	674	—	674	127	801
Other comprehensive income		—	—	—	(1)	(2)	(158)	(161)	(42)	(203)
Total comprehensive income		**—**	**—**	**—**	**(1)**	**672**	**(158)**	**513**	**85**	**598**
Dividends declared	21	—	—	—	—	—	—	—	(89)	(89)
Acquisition of non-controlling interest		—	—	—	(76)	—	—	(76)	69	(7)
Acquisition of subsidiary	9	—	—	—	(16)	—	—	(16)	6	(10)
Other		—	—	—	1	1	—	2	(2)	—
As of December 31, 2021		**1,749,127,404**	**2**	**12,753**	**(1,990)**	**(1,246)**	**(8,933)**	**586**	**919**	**1,505**

** Certain of the consolidated entities of VEON Ltd. are restricted from remitting funds in the form of cash dividends or loans by a variety of regulations, contractual or local statutory requirements, refer to Note 26 for further details.*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the years ended December 31

(In millions of U.S. dollars)	Note	2023	2022	2021*
Operating activities				
Profit before tax		559	802	464
Non-cash adjustments to reconcile profit before tax to net cash flows				
Depreciation, amortization and impairment loss / (reversal)		729	671	826
(Gain) / loss on disposal of non-current assets		(46)	1	(9)
(Gain) / loss on disposal of subsidiaries		—	(88)	—
Finance costs		531	583	591
Finance income		(60)	(32)	(13)
Other non-operating (gain) / loss		(20)	(9)	(26)
Net foreign exchange (gain) / loss		(81)	(181)	7
Changes in trade and other receivables and prepayments		(1)	(154)	(141)
Changes in inventories		(19)	(12)	(4)
Changes in trade and other payables		143	52	63
Changes in provisions, pensions and other		125	48	(14)
Interest paid	16	(489)	(489)	(521)
Interest received		53	25	12
Income tax paid		(264)	(284)	(274)
Net cash flows from operating activities from continuing operations		**1,160**	**933**	**961**
Net cash flows from operating activities from discontinued operations		**951**	**1,624**	**1,677**
Investing activities				
Purchase of property, plant and equipment		(531)	(634)	(699)
Purchase of intangible assets		(235)	(376)	(159)
Payments on deposits		(54)	(54)	(58)
Outflows on loan granted		(66)	—	—
Investment in financial assets***		(147)	(14)	(48)
Acquisition of a subsidiary, net of cash acquired		—	(16)	—
Proceeds from sales of share in subsidiaries, net of cash		—	40	—
Other proceeds from investing activities, net		13	(3)	(3)
Net cash flows used in investing activities from continuing operations		**(1,020)**	**(1,057)**	**(967)**
Net cash flows used in investing activities from discontinued operations		**(1,217)**	**(599)**	**(213)**
Financing activities				
Proceeds from borrowings, net of fees paid **	16	194	2,087	2,081
Repayment of debt	16	(1,098)	(1,619)	(1,977)
Acquisition of non-controlling interest	16	—	—	(279)
Dividends paid to non-controlling interests		(15)	(12)	(17)
Net cash flows from / (used in) financing activities from continuing operations		**(919)**	**456**	**(192)**
Net cash flows from / (used in) financing activities from discontinued operations		**(226)**	**(340)**	**(552)**
Net increase / (decrease) in cash and cash equivalents		(1,271)	1,017	714
Net foreign exchange difference related to continuing operations		(36)	(95)	(18)
Net foreign exchange difference related to discontinued operations		(44)	(21)	(5)
Cash and cash equivalents classified as discontinued operations/held for sale at the beginning of the period		146	113	—
Cash and cash equivalents classified as discontinued operations/held for sale at the end of the period		—	(146)	(113)
Cash and cash equivalents at beginning of period		3,107	2,239	1,661
Cash and cash equivalents at end of period, net of overdraft	17	**1,902**	**3,107**	**2,239**

** Prior year comparatives for the year ended December 31, 2021 is adjusted following the classification of Russia as a discontinued operation (see Note 10).*

*** Fees paid in 2023 for borrowings were US$18 (2022: US$11, 2021: US$32).*

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

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

VEON Ltd. (**"VEON"** or 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 are currently 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 wireless, fixed and broadband internet services, as well as selling equipment, infrastructure and accessories.

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

The consolidated financial statements were authorized by the Board of Directors for issuance on October 17, 2024. The Company has the ability to amend and reissue the consolidated financial statements.

The consolidated financial statements prepared for Dutch statutory purposes for the year ended December 31, 2022 were authorized by the Board of Directors for issuance on June 24, 2023 and filed on June 25, 2023. After the issuance of those financial statements, and prior to the filing of VEON Ltd.'s 2022 Annual Report on Form 20-F for the same period, the Company discovered an error in the consolidated statement of comprehensive income with respect to the de-recognition of non-controlling interest for the sale of its Algerian operations (refer to Note 10 for further details) which was corrected in the financial statements for the year ended December 31, 2022 in the 2022 Annual Report on Form 20-F. Refer to Note 24 for further details. These consolidated financial statements included in the 2022 Annual Report on Form 20-F were re-authorized for issuance on July 24, 2023.

The 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 ADS) amounts and as otherwise indicated.

Due to the ongoing war 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 24 of these consolidated financial statements.

Major developments during the year ended December 31, 2023

Completion of Sale of Russian operations

On October 9, 2023, VEON announced the completion of its exit from Russia with closing of the sale of its Russian operations. On September 13, 2023, VEON and the buyer agreed on certain amendments to the Share Purchase Agreement ("SPA") which had no material impact on the economic terms of the original transaction announced on November 24, 2022.

During the year ended December 31, 2023, VimpelCom independently purchased US$2,140 equivalent of VEON Holdings bonds (based on applicable foreign exchange rates on the relevant purchase dates) in order to satisfy certain Russian regulatory obligations. VEON Holdings redeemed US$406 of these notes from VimpelCom following their maturity in September 2023.

Upon the completion of the sale of our Russian Operations, VEON Holdings bonds representing a nominal value of US$1,576 which were acquired by VimpelCom were transferred to Unitel LLC (a wholly owned subsidiary of the Company) and offset against the purchase consideration of RUB 130 billion (approximately US$1,294 on October 9, 2023) on a non cash basis resulting in no impact on our cash flows.

The remaining deferred consideration of US$72 as of December 31, 2023 was offset against VEON Holdings bonds acquired by VimpelCom representing a nominal value of US$72, in July 2024, in compliance with applicable regulatory licensing after receiving the relevant regulatory approvals. In addition, there was a US$11 receivable against the sale of towers in Russia recognized in prior periods that was also assigned to the Company as part of the sale transaction. Refer to Note 23 for further details.

The financial impact of the sale of our Russian operations is a loss of US$3,746 recorded within (Loss) / Profit after Tax from Discontinued Operations" in the Consolidated Income Statement, primarily due to US$3,414 of cumulative currency translation losses which accumulated in equity through other comprehensive income and recycled through the consolidated income statement on the date of the disposal. Overall, the sale of the Russian Operations resulted in significant deleveraging of VEON's balance sheet. For further details, refer to Note 10.

Agreement between Banglalink and Summit Towers Limited ("Summit") regarding the sale of its Bangladesh tower assets

On November 15, 2023, VEON announced that its wholly owned subsidiary, Banglalink, entered into an Asset Sale and Purchase Agreement ("APA") and Master Tower Agreement ("MTA"), to sell a portion of its tower portfolio (2012 towers, nearly one-third of Banglalink's infrastructure portfolio) in Bangladesh to the buyer, Summit, for BDT 11 billion (US$97). The closing of the transaction was subject to regulatory approval which was received on December 21, 2023. Subsequently, the deal closed on December 31, 2023. Under the terms of the deal, Banglalink entered into a long-term lease agreement with Summit under which Banglalink will lease space upon the sold towers for a period of 12 years, with up to seven optional renewal periods of 10 years each. The lease agreement became effective upon the closing of the sale.

As of November 15, 2023, the Bangladesh towers were classified as assets held for sale. Following the classification as disposal group held-for-sale, the Company did not account for depreciation and amortization expenses of the Bangladesh tower assets. As a result of the closing of the sale on December 31, 2023, control of the towers was transferred to Summit and Banglalink recognized the purchase consideration of BDT 11 billion (US$97) net of cost of disposals containing legal, regulatory and investment bankers costs amounting BDT 855 million

(US$8). The consideration was receivable as of December 31, 2023, and payment was subsequently received in January 2024 upon the final completion date under the terms of the APA. As a result of applying sale and leaseback accounting principles to the lease agreement under the terms of the deal, Banglalink recognized a gain on sale of assets of BDT 4 billion (US$34), right-of-use assets of BDT 550 million (US$5) representing the proportional fair value of assets (towers) retained with respect to the book value of assets (towers) sold amounting to BDT 950 million (US$9) and lease liabilities of BDT 6 billion (US$52) based on a 12 year lease term, which are at market rates. Additional right-of-use assets and lease liabilities of BDT 4 billion (US$40) were recognized for total right-of-use assets of BDT 5 billion (US$45) and total lease liabilities of BDT 10 billion (US$92). Refer to Note 9 for further details.

Cybersecurity Incident in Ukraine

On December 12, 2023, VEON announced that the network of its Ukrainian subsidiary Kyivstar had been the target of a widespread external cyber-attack causing a technical failure. This resulted in a temporary disruption of Kyivstar's network and services, interrupting the provision of voice and data connectivity on mobile and fixed networks, international roaming, and SMS services, amongst others, for Kyivstar customers in Ukraine and abroad. The Company's technical teams, working relentlessly and in collaboration with the Ukrainian law enforcement and government agencies and the Security Service of Ukraine, restored services in multiple stages starting with voice and data connectivity. On December 19, 2023, VEON announced that Kyivstar had restored services in all categories of its communication services, and that mobile voice and internet, fixed connectivity and SMS services as well as the MyKyivstar self-care application were active and available across Ukraine.

After stabilizing the network, although there was no legal obligation to do so, Kyivstar immediately launched offers to thank its customers for their loyalty, initiating a *"Free of Charge"* program offering one month of free services on certain types of contracts. Furthermore, on December 21, 2023, Kyivstar announced a donation of UAH 100 million (US$3) would be made towards Ukrainian charity initiatives.

Largely due to the limited period during which the critical services were down, there was no material financial impact on our consolidated results for the year ended December 31, 2023 due to these service disruptions, or due to costs associated with additional IT capabilities required for restoring services, replacing lost equipment or compensating external consultants and partners in 2023. The incident had a significant impact on consolidated revenue results for the six-months ended June 30, 2024 associated with the revenue loss arising from the customer loyalty measures taken by Kyivstar in order to compensate for the inconvenience caused during the disruptions. The impact of these offers on operating revenue in 2024 was US$46. VEON expects no further impact on its financial results arising from the customer loyalty measures under the retention programs, which ended during the first half of 2024.

VEON and Kyivstar conducted a thorough investigation, together with outside cybersecurity firms, to determine the full nature, extent and impact of the incident and to implement additional security measures to protect against any recurrence. The Ukrainian government also conducted an investigation to support the recovery efforts. All investigations were concluded as of June 30, 2024, and has resulted in an in depth analysis into details of how the attack was executed and how this can be prevented in the future.

Kyivstar has initiated remediation and mitigation actions to reduce current risks and establish a robust framework to manage evolving cyber threats, protect business continuity and maintain customer trust by investing in immediate response actions, enhanced security infrastructure, proactive threat management, compliance with cybersecurity regulations and standards, employee awareness, and long-term adaptive measures. Further, VEON Group has executed a group-wide assessment of cybersecurity maturity in alignment with the U.S. National Institute of Standards and Technology Cybersecurity Framework 2.0 (NIST2).

VEON's Scheme of arrangement

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 5.95% notes due February 2023 and 7.25% notes due April 2023), 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 had 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 2023 Put Option. The aggregate put option premium paid was US$9. The 2023 Put Option was settled on April 26, 2023. The remaining October 2023 notes were repaid at maturity including an amendment fee of US$1. The notes maturing in December 2023 were called earlier and repaid on September 27, 2023, including an amendment fee of US$1. For further details, refer to further discussion in Note 16.

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

On April 20, 2023, and May 30, 2023, the outstanding amounts under our RCF facility were rolled over until October 2023 for US$692 and November 2023 for US$363. These outstanding amounts were further rolled over until January 2024 for US$692 and February 2024 for US$363. We subsequently repaid and canceled our RCF facility in March 2024.

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.

VEON announced ratio change under its American Depository Receipt ("ADR") program

On February 6, 2023, VEON announced that its Board of Directors approved a change of ratio in the Company's ADR program, comprising a change in the ratio of American Depository Shares (the "ADSs") to VEON Ltd. Shares from one (1) ADS representing one (1) Share, to one (1) ADS representing twenty-five (25) Shares (the "Ratio Change"). The effective date of the Ratio Change was March 8, 2023. On March 23, 2023, VEON was notified byi NASDAQ that VEON had regained compliance with Listing Rule 5550(a)(2).

Freezing of corporate rights in Kyivstar

On October 6, 2023, the Security Services of Ukraine (SSU) announced that the Ukrainian courts were seizing all "corporate rights" of Mikhail Fridman, Petr Aven and Andriy Kosogov in 20 Ukrainian companies that these individuals beneficially own, while criminal proceedings, unrelated to Kyivstar or VEON, were in progress. This announcement was incorrectly characterized by some Ukrainian media as a "seizure" or "freezing" of "Kyivstar's assets" as the assets of Kyivstar had not been seized or frozen and the court's ruling did not impact the assets of Kyivstar directly. On October 9, 2023, Ukrainian media further reported, with a headline which incorrectly targeted Kyivstar, that the Ministry of Justice of Ukraine was separately finalizing a lawsuit in the Ukraine High Anti-Corruption Court to confiscate any Ukrainian assets of M. Fridman. Subsequent clarification by the SSU noted that "The seizure of corporate rights of Ukrainian companies does not affect the protection of the interests of foreign investors and owners of shares of corporate rights, does not hinder their economic activity and the possibility of receiving dividends." We have received notification from our local custodian that 47.85% of Kyivstar shares have been blocked, which will prevent any transaction involving our Kyivstar shares, including transfer of such shares, from proceeding. On October 30, 2023 VEON announced that VEON Ltd. and VEON Holdings B.V. had filed two appeals with the relevant Kyiv court of appeals, challenging the freezing of the corporate rights in Kyivstar, noting that corporate rights in Kyivstar belong exclusively to VEON and that their full or partial seizure directly violates the rights of VEON and its international debt and equity investors, and requesting the lifting of the freezing of its corporate rights in Kyivstar. In December 2023, the court rejected our appeals. On June 4, 2024, the CEO of VEON, in his capacity as a shareholder of VEON, filed a motion with Shevchenkiv District Court of Kyiv requesting cancellation of the seizure of corporate rights in the VEON group's subsidiary Ukraine Tower Company. On June 26, 2024, the motion was supplemented to request cancellation of the seizure of corporate rights in the VEON group's other Ukrainian subsidiaries: Kyivstar, Kyivstar.Tech and Helsi. VEON is continuing significant government affairs efforts to protect our assets in Ukraine. Restrictions applicable in Ukraine to all foreign-owned companies have already led to restrictions on the upstreaming of dividends from Ukraine to VEON. Additionally, to the extent that VEON and/or Kyivstar are deemed to be controlled by persons sanctioned in Ukraine, potential prohibitions on renting property and land, on participating in public procurement and on the transfer of technology and intellectual property rights to Kyivstar from VEON impacting B2G revenue would also apply.

Based on the above development, VEON assessed whether the court order and subsequent motions result in an event that VEON has lost control over its Ukrainian subsidiary ("Kyivstar") and concluded that, under the requirements of relevant reporting standards (IFRS 10, *Consolidated financial Statements*), VEON continues to control Kyivstar and as such, will continue to consolidate Kyivstar in these financial statements.

VEON implements new Clawback Policy

On November 27, 2023, VEON announced governance enhancements to its executive remuneration structure, in line with its commitment to ethical corporate governance practices and financial integrity. The Board of Directors of VEON introduced a robust Policy for the Recovery of Erroneously Awarded Compensation (the "Clawback Policy") to align with Section 10D and Rule 10D-1of the Securities Exchange Act of 1934 and the listing standards adopted by NASDAQ.

Effective October 2, 2023, the Clawback Policy enables the Company to recover erroneously awarded incentive-based compensation from current and former Executive Officers (as defined in the Clawback Policy) in the event that it is required to prepare an accounting restatement. This step is crucial in maintaining transparency and accountability, particularly in instances requiring accounting restatements.

In tandem with the adoption of the Clawback Policy, the Board of Directors has also revised existing incentive-based compensation plans to further align executive remuneration with shareholder interests and corporate objectives. Refer to Note 22 for further details.

Share-based payment awards

On February 21, 2023, VEON announced the completion of the transfer of 52,550 shares in the Company to Joop Brakenhoff. A total of 104,047 common shares vested as part of VEON's 2021 Deferred Share Plan in 2022. Of those vested shares, 51,504 common shares (the equivalent of 2,060 ADSs) were withheld to cover local withholding taxes and the remaining 52,550 shares (the equivalent of 2,102 ADSs) were transferred to Mr. Brakenhoff from shares held by a subsidiary of the Company.

In March 2023, equity-settled awards were granted to five members of VEON's GEC under the Short-Term Incentive Plan (154,876 ADS) and the Long-Term Incentive Plan ("LTIP") (643,286 ADS).

On July 1, 2023, 1,395,358 common shares granted to current and former members of VEON's GEC vested as part of the 2021 Deferred Share Plan. Subsequently, VEON had initiated the transfer of 34,094 ADSs, representing 852,350 common shares, to the respective executives.

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

In July 2023, equity-settled awards were granted to one member of VEON's GEC under the LTIP (105,573 ADS).

On September 1, 2023, 146,490 ADSs, representing 3,662,250 common shares, granted to VEON's Group CEO, Mr. Kaan Terzioglu, vested as part of VEON's Deferred Share Plan.

In November 2023, VEON initiated the transfer of 1,870 ADSs, representing 46,750 common shares to Mr. Brakenhoff for equity-settled awards granted under the 2021 Deferred Share Plan that vested in 2023 as well as 6,535 ADSs, representing 163,375 common shares, to a former Board member in relation to a grant that vested in July 2023 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.

For further details on share-based payment awards, refer to Note 22.

Changes in Key Senior Managers

On March 15, 2023, VEON announced the appointment of Joop Brakenhoff as Group CFO, effective from May 1, 2023. Mr. Brakenhoff replaced Serkan Okandan whose three years contract as Group CFO expired at the end of April 2023. Mr. Okandan continued to serve VEON as a special advisor to the Group CEO and CFO.

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

On July 19, 2023, VEON 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. VEON's GEC will comprise three members: Kaan Terzioglu as Group Chief Executive Officer; Joop Brakenhoff as Group Chief Financial Officer; and Omiyinka Doris as Group General Counsel, with a flatter Group leadership team structure.

Change in Board of Directors

On June 29, 2023, at its Annual General Meeting, VEON Ltd. shareholders approved the Board recommended slate of seven directors, including six directors already serving on the Board at that time – 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.

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.

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. Subsequently, during July 2023 the agreed amount of settlement was paid and settled.

Canadian Sanctions

On July 20, 2023, Canada imposed sanctions on a number of Russian mobile operators, including VimpelCom. As of October 9, 2023, as a result of the completion of the sale of VEON's Russian operations, Vimpelcom is no longer part of the VEON Group and as such, these sanctions have no impact on the remaining group. Refer to Note 24-*Basis of Preparation of the Consolidated Financial Statements* for further details.

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.

Subsequently, Banglalink had a meeting with BTRC officials and agreed to pay amounts pertaining to 2G matters (already accrued BDT 2,200 million in the financials) in BDT 500 million immediately in July 2023 and 12 equal monthly installments of BDT 146 million (approximately US$1.4), accordingly Banglalink has paid BDT 500 million (approximately US$5) in July 2023 and all installments until December 2023 as agreed.

Despite having objections to the audit findings, in compliance with the instruction given by the BTRC on November 5, 2023 to pay the principal amount of the BTRC's audit demand within 10 working days, Banglalink deposited BDT 1,657 million (US$16 million) to the BTRC on November 19, 2023. The remaining elements of the BTRC's audit, including the late fee, are not yet resolved. Refer to Note 7.

Ukraine prepayment

In 2023, Kyivstar fully prepaid all of its remaining 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).

Pakistan Mobile Communication Limited ("PMCL") syndicated credit facility

PMCL fully utilized the remaining PKR 10 billion (US$41) under its existing PKR 40 billion (US$164) facility through drawdowns in January and April 2023.

Banglalink Digital Communications Ltd. ("BDCL") syndicated credit facility

BDCL utilized BDT 5 billion (US$45) out of new syndicated credit facility of BDT 8 billion (US$73) during November 2023. The tenor of the facility is 5 years.

KaR-Tel Limited Liability Partnership credit facility

KaR-Tel Limited Liability Partnership ("KaR-Tel") utilized KZT 9.8 billion (US$22) from the bilateral credit facility with ForteBank JSC during the period of September to December 2023. Through a deed of amendment signed in February 2024, the maturity of the facility was extended to November 2026 and facility amount enhanced to KZT 15 billion from KZT 10 billion.

Repayment of VEON Holdings 5.95% Senior Notes

On October 13, 2023 VEON Holdings repaid its outstanding 5.95% Senior Notes amounting to US$39 at their maturity date.

Early redemption of VEON Holdings 2023 and 2024 Notes

On September 13, 2023, VEON issued two redemption notices for the early repayment of VEON Holdings B.V.'s bonds maturing in December 2023 and June 2024. On September 27, 2023 VEON redeemed US$243 senior notes held by external noteholders and on October 04, 2023 redeemed US$406 senior notes held by VimpelCom. Please refer to Note 16-*Investments, Debt and Derivatives* for further details.

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 Pakistan, Ukraine, Kazakhstan, Uzbekistan and Bangladesh for 2023 and 2022 (in 2021, Russia was also considered a reportable segment). Following the announcement to sell the Russian operations on November 24, 2022, the Russian operations were classified as discontinued operations and accounted for as an "Asset held for sale" in line with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, requirements. The sale of our Russian operations was completed on October 9, 2023. Additionally, 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. The sale of our stake in the Algerian operations was completed on August 5, 2022. Refer to Note 10 for further details on both transactions.

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. See Note 9 - *Significant Transactions* for details on the sale of our former Georgia operations in 2022.

Financial information by reportable segment for the periods ended December 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.

	Total revenue			**Adjusted EBITDA**			**CAPEX excl licenses and ROU**		
	2023	**2022**	**2021***	**2023**	**2022**	**2021***	**2023**	**2022**	**2021***
Pakistan**	1,119	1,285	1,408	502	654	643	130	258	318
Ukraine	919	971	1,055	541	575	704	169	177	203
Kazakhstan	774	636	569	421	322	307	165	122	134
Bangladesh	570	576	564	214	210	235	105	199	89
Uzbekistan	268	233	194	112	124	89	65	64	34
Others	55	66	81	22	26	41	10	16	25
HQ and eliminations	(7)	(12)	(21)	(200)	(164)	(179)	5	5	3
Total	**3,698**	**3,755**	**3,850**	**1,612**	**1,747**	**1,840**	**649**	**841**	**806**

**Prior year comparatives for the year ended December 31, 2021 is adjusted following the classification of Russia as a discontinued operation (see Note 10).*
***In 2022, Pakistan Adjusted EBITDA includes the impact of SIM tax reversal. For further details refer to Note 3 and Note 4.*

The following table provides the reconciliation of consolidated Profit / (loss) before tax from continuing operations to Adjusted EBITDA for the years ended December 31:

	2023	**2022**	**2021***
Profit before tax from continuing operations	**559**	**802**	**464**
Depreciation	527	557	605
Amortization	208	221	194
Impairment loss / (reversal)	(6)	(107)	27
(Gain) / loss on disposal of non-current assets	(46)	1	(9)
(Gain) / loss on disposal of subsidiaries	—	(88)	—
Finance costs	531	583	591
Finance income	(60)	(32)	(13)
Other non-operating (gain) / loss	(20)	(9)	(26)
Net foreign exchange (gain) / loss	(81)	(181)	7
Total Adjusted EBITDA	**1,612**	**1,747**	**1,840**

**Prior year comparative for the year ended December 31, 2021 is adjusted following the classification of Russia as a discontinued operation (see Note 10).*

3 OPERATING REVENUE

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 and accessories. Products and services may be sold separately or in bundled packages.

Revenue from contracts with customers

The table below provides a breakdown of revenue from contracts with customers for the years ended December 31:

	Service revenue						Sale of Equipment and accessories			Other revenue **			Total revenue		
	Mobile			Fixed											
	2023	**2022**	**2021***	**2023**	**2022**	**2021***	**2023**	**2022**	**2021***	**2023**	**2022**	**2021***	**2023**	**2022**	**2021***
Pakistan***	1,021	1,169	1,285	19	—	—	6	14	18	73	102	105	1,119	1,285	1,408
Ukraine	859	906	980	53	59	68	—	1	—	7	5	7	919	971	1,055
Kazakhstan	603	497	459	146	116	91	12	13	17	13	10	2	774	636	569
Bangladesh	561	566	553	—	—	—	—	—	—	9	10	11	570	576	564
Uzbekistan	267	232	193	—	1	1	—	—	—	1	—	—	268	233	194
Others	55	66	81	—	—	—	—	—	—	—	—	—	55	66	81
HQ and eliminations	(4)	(8)	(15)	(4)	(4)	(6)	1	—	—	—	—	—	(7)	(12)	(21)
Total	**3,362**	**3,428**	**3,536**	**214**	**172**	**154**	**19**	**28**	**35**	**103**	**127**	**125**	**3,698**	**3,755**	**3,850**

**Prior year comparative for the year ended December 31, 2021 is adjusted following the classification of Russia as a discontinued operation (see Note 10).*

***Other revenue primarily includes revenue from our banking operations in Pakistan.*

**** In 2022, Pakistan service revenue includes the impact of US$29 relating to the reversal of a provision following a favorable decision from the Islamabad High Court on pending litigation.*

Assets and liabilities arising from contracts with customers

The following table provides a breakdown of contract balances and capitalized customer acquisition costs.

	December 31, 2023	December 31, 2022
Contract balances		
Receivables (billed)	468	493
Receivables (unbilled)	40	37
Contract liabilities	(157)	(169)
Capitalized costs		
Customer acquisition costs	98	126

ACCOUNTING POLICIES

Revenue from contracts with customers

Service revenue

Service revenue includes revenue from airtime charges from contract and prepaid customers, monthly contract fees, interconnect revenue, roaming charges and charges for value added services (**"VAS"**). VAS includes short messages, multimedia messages, caller number identification, call waiting, data transmission, mobile internet, downloadable content, mobile finance services, machine-to-machine and other services. The content revenue relating to VAS is presented net of related costs when VEON's performance obligation is to arrange the provision of the services by another party (VEON acts as an agent), and gross when VEON is primarily responsible for fulfilling the obligation to provide such services to the customer.

Revenue for services with a fixed term, including fixed-term tariff plans and monthly subscriptions, is recognized on a straight-line basis over time. For pay-as-you-use plans, in which the customer is charged based on actual usage, revenue is recognized on a usage basis. Some tariff plans allow customers to rollover unused services to the following period. For such tariff plans, revenue is generally recognized on a usage basis.

For contracts which include multiple service components (such as voice, text, data), revenue is allocated based on stand-alone selling price of each performance obligation. The stand-alone selling price for these services is usually determined with reference to the price charged per service under a pay-as-you-use plan to similar customers.

Upfront fees, including activation or connection fees, are recognized on a straight-line basis over the contract term. For contracts with an indefinite term (for example, prepaid contracts), revenue from upfront fees is recognized over the average customer life.

Revenue from other operators, including interconnect and roaming charges, is recognized based on the price specified in the contract, net of any estimated retrospective volume discounts. Accumulated experience is used to estimate and provide for the discounts.

All service revenue is recognized over time as services are rendered.

Sale of equipment and accessories

Equipment and accessories are usually sold to customers on a stand-alone basis, or together with service bundles. Where sold together with service bundles, revenue is allocated pro-rata, based on the stand-alone selling price of the equipment and the service bundle.

The vast majority of equipment and accessories sales pertain to mobile handsets and accessories. Revenue for mobile handsets and accessories is recognized when the equipment is sold to a customer, or, if sold via an intermediary, when the intermediary has taken control of the device and the intermediary has no remaining right of return. Revenue for fixed-line equipment is not recognized until installation and testing of such equipment are completed and the equipment is accepted by the customer.

All revenue from sale of equipment and accessories is recognized at a point in time.

Contract balances

Receivables and unbilled receivables mostly relate to amounts due from other operators and postpaid customers. Unbilled receivables are transferred to Receivables when the Group issues an invoice to the customer.

Contract liabilities, often referred to as 'Deferred revenue', relate primarily to non-refundable cash received from prepaid customers for fixed-term tariff plans or pay-as-you-use tariff plans. Contract liabilities are presented as 'Long-term deferred revenue', 'Short-term deferred revenue' and 'Customer advances' in Note 6. All current contract liabilities outstanding at the beginning of the year are recognized as revenue during the year.

Customer acquisition costs

Certain incremental costs that are incurred in acquiring a contract with a customer (**"customer acquisition costs"**) and are considered recoverable are deferred in the consolidated statement of financial position, within 'Other assets' (see Note 6). Such costs generally relate to commissions paid to third-party dealers and are amortized on a straight-line basis over the average customer life within 'Selling, general and administrative expenses'.

The Group applies the practical expedient available for customer acquisition costs for which the amortization would have been shorter than 12 months. Such costs relate primarily to commissions paid to third parties upon top-up of prepaid credit by customers and sale of top-up cards.

SOURCE OF ESTIMATION UNCERTAINTY

Average customer life

Management estimates the average customer life for revenue (such as upfront fees) from contracts with an indefinite term and for customer acquisition costs. The average customer life is calculated based on historical data, specifically churn rates which are impacted by relevant country or market characteristics, customer demographic and the nature and terms of the product (such as mobile and fixed line, prepaid and postpaid).

4 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses consisted of the following items for the years ended December 31:

	2023	2022	2021*
Network and IT costs	506	503	491
Personnel costs	416	411	361
Customer associated costs	386	347	413
Losses on receivables	14	28	14
Taxes, other than income taxes	74	30	50
Other	250	214	197
Total selling, general and administrative expenses	**1,646**	**1,533**	**1,526**

**Prior year comparative for the year ended December 31, 2021 is adjusted following the classification of Russia as a discontinued operation (see Note 10).*

In 2022, our subsidiary in Pakistan recorded a reversal of PKR 13.8 billion (US$63 million) in customer associated costs, relating to the reversal of a provision following a favorable decision from the Islamabad High Court on pending litigation.

LEASES

Short-term leases and leases for low value items are immediately expensed as incurred.

ACCOUNTING POLICIES

Customer associated costs

Customer associated costs relate primarily to commissions paid to third-party dealers and marketing expenses. Certain dealer commissions are initially capitalized within ‘Other Assets’ in the consolidated statement of financial position and subsequently amortized within "Customer associated costs". Refer to Note 3 for further details.

5 TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following items as of December 31:

	2023	2022
Trade receivables (gross)*	508	530
Expected credit losses	(96)	(84)
Trade receivables (net)	**412**	**446**
Other receivables, net of expected credit losses allowance**	130	10
Total trade and other receivables * **	**542**	**456**

** Includes contract assets (unbilled receivables), see Note 3 for further details.*

*** Other receivables as of December 31, 2023, includes consideration receivable for tower sale in Bangladesh , refer Note 9 for further details.*

**** Total trade and other receivables includes balances of US$259 million (2022: US$254 million) relating to banking operations in Pakistan.*

The following table summarizes the movement in the allowance for expected credit losses for the years ended December 31:

	2023	2022
Balance as of January 1	**84**	**159**
Accruals for expected credit losses	35	44
Recoveries	(8)	(6)
Accounts receivable written off	(6)	(64)
Reclassifications	—	(4)
Reclassification as held for sale	—	(28)
Foreign currency translation adjustment	(9)	(15)
Other movements	—	(2)
Balance as of December 31	**96**	**84**

Set out below is the information about the Group's trade receivables (including contract assets) using a provision matrix:

			Days past due			
	Unbilled Receivables	Current	< 30 days	Between 31 and 120 days	> 120 days	Total
December 31, 2023						
Expected loss rate, %	0.0%	1.9%	10.6%	50.0%	98.5%	
Trade receivables	40	317	47	36	68	**508**
Expected credit losses	—	(6)	(5)	(18)	(67)	**(96)**
Trade receivables, net	**40**	**311**	**42**	**18**	**1**	**412**
December 31, 2022						
Expected loss rate, %	0.0%	0.6%	15.4%	31.0%	97.1%	
Trade receivables	37	356	39	29	69	**530**
Expected credit losses	—	(2)	(6)	(9)	(67)	**(84)**
Trade receivables, net	**37**	**354**	**33**	**20**	**2**	**446**

ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables are measured at amortized cost and include invoiced/contractual amounts less expected credit losses.

Expected credit losses

The expected credit loss allowance (**"ECL"**) is recognized for all receivables measured at amortized cost at each reporting date. This means that an ECL is recognized for all receivables even though there may not be objective evidence that the trade receivable has been impaired.

VEON applies the simplified approach (i.e. provision matrix) for calculating a lifetime ECL for its trade and other receivables, including unbilled receivables (contract assets). The provision matrix is based on the historical credit loss experience over the life of the trade receivables and is adjusted for forward-looking estimates if relevant. The provision matrix is reviewed on a quarterly basis. Refer to Note 18 for our credit risk management policy.

6 OTHER ASSETS AND LIABILITIES

Other assets consisted of the following items as of December 31:

	2023	2022
Other non-current assets		
Customer acquisition costs (see Note 3)	98	126
Tax advances (non-income tax)	6	7
Other non-financial assets	74	24
Total other non-current assets	**178**	**157**
Other current assets		
Advances to suppliers	44	55
Input value added tax	45	49
Prepaid taxes	51	50
Other assets	60	54
Total other current assets	**200**	**208**

Other liabilities consisted of the following items as of December 31:

	2023	2022
Other non-current liabilities		
Long-term deferred revenue (see Note 3)	13	10
Other liabilities	16	10
Total other non-current liabilities	**29**	**20**
Other current liabilities		
Taxes payable (non-income tax)	124	135
Short-term deferred revenue (see Note 3)	109	121
Customer advances (see Note 3)	35	38
Other payments to authorities	66	60
Due to employees	84	82
Other liabilities	39	39
Total other current liabilities	**457**	**475**

7 PROVISIONS AND CONTINGENT LIABILITIES

PROVISIONS

The following table summarizes the movement in provisions for the years ended December 31:

	Non-income tax provisions	Decommi-ssioning provision	Legal provision	Other provisions	Total
As of January 1, 2022	**88**	**87**	**14**	**7**	**196**
Arising during the year	5	—	—	1	**6**
Utilized	—	(2)	—	—	**(2)**
Unused amounts reversed	(20)	(6)	—	(2)	**(28)**
Reclassification as held for sale	(11)	(30)	(4)	—	**(45)**
Transfer and reclassification	(4)	—	—	(1)	**(5)**
Discount rate adjustment and imputed interest	—	4	—	—	**4**
Translation adjustments and other	(9)	(10)	(1)	—	**(20)**
As of December 31, 2022	**49**	**43**	**9**	**5**	**106**
Non-current	4	43	—	—	**47**
Current	45	—	9	5	**59**
As of January 1, 2023	**49**	**43**	**9**	**5**	**106**
Arising during the year	18	3	—	10	**31**
Utilized	—	(1)	—	—	**(1)**
Unused amounts reversed	(2)	(4)	—	(3)	**(9)**
Reclassification as held for sale	—	—	—	—	**—**
Transfer and reclassification	7	—	—	—	**7**
Discount rate adjustment and imputed interest	—	3	—	—	**3**
Translation adjustments and other	(7)	(4)	—	(1)	**(12)**
As of December 31, 2023	**65**	**40**	**9**	**11**	**125**
Non-current	4	40	—	—	**44**
Current	61	—	9	11	**81**

The timing of payments in respect of provisions is, with some exceptions, not contractually fixed and cannot be estimated with certainty. In addition, with respect to legal proceedings, given inherent uncertainties, the ultimate outcome may differ from VEON's current expectations.

See 'Source of estimation uncertainty' below in this Note 7 for further details regarding assumptions and sources of uncertainty. For further details regarding risks associated with income tax and non-income tax positions, please refer to 'Source of estimation uncertainty' in Note 8.

The Group has recognized a provision for decommissioning obligations associated with future dismantling of its towers in various jurisdictions.

CONTINGENT LIABILITIES

The Group had contingent liabilities as of December 31, 2023 as set out below.

VEON - Securities Class Action

On November 4, 2015, a class action lawsuit was filed in the United States against VEON and certain of its then current and former officers by Charles Kux-Kardos, on behalf of himself and other investors in the Company alleging certain violations of the U.S. federal securities laws in connection with the Company's public disclosures relating to its operations in Uzbekistan. On December 4, 2015, a second complaint was filed by Westway Alliance Corp. that essentially asserted the same claims in connection with the same disclosures. On April 27, 2016, the Court in the Southern District of New York (the "Court") consolidated the two actions and appointed Westway as lead plaintiff. On December 9, 2016, Westway filed its first amended complaint ("FAC"). On September 19, 2017, the Court granted VEON's motion to dismiss the FAC in part. On February 9, 2018, VEON filed its Answer and Affirmative Defenses to remaining allegations of the FAC, and all the individual defendants filed motions to dismiss the claim.

On April 13, 2018, the plaintiff voluntarily dismissed its claims against one of the individual defendants and, on August 30, 2018, the Court dismissed the claims against all of the remaining individual defendants. On May 17, 2019, VEON filed a motion for judgement on the pleadings, arguing that Westway lacked standing as a result of the September 19, 2017 order because Westway had not purchased any securities on or after the date of the earliest alleged misstatement (the "May-2019 Motion"). On May 21, 2019, the Rosen Law Firm submitted a letter to the Court on behalf of Boris Lvov ("Lvov") seeking leave to file a motion to intervene and substitute Lvov as lead plaintiff. On 17 June 209, Westway filed its opposition to the May-2019 Motion and on April 17, 2020, the Court denied Westway's motion and ordered the May-2019 Motion to proceed. On March 31, 2020, VEON's motion for judgement on the pleadings was denied without prejudice.

On April 14, 2020, Westway filed its second Amended Complaint ("SAC"). On May 15, 2020, VEON filed a motion to dismiss the SAC, which the Court granted on March 11, 2021, holding that VEON had no duty to disclose information concerning its internal controls as of the start date of the Alleged Class Period, and that Westway therefore lacked standing to bring any claims against VEON as lead plaintiff or otherwise. The Court reopened the lead plaintiff selection process and, on April 29, 2022, appointed Lvov as lead plaintiff and granted Lvov leave to file an amended complaint.

Lvov filed the third Amended Complaint ("TAC") on February 22, 2023. On May 10, 2023, the Court denied Lvov's motion for discovery and granted VEON leave to file a motion to dismiss portions of the TAC. On September 30, 2024, the Court granted VEON's motion to dismiss portions of the TAC in part, dismissing with prejudice the TAC's newly alleged false statements as time-barred under the statute of repose, and denying the motion without prejudice with respect to the TAC's newly alleged corrective disclosures.

The Court requested further briefing from the parties on whether the new corrective disclosures were linked to the dismissed new false statements or to statements previously held actionable. Lvov's supplemental briefing was due October 7, 2024, and VEON's reply was due October 14, 2024. At this stage of the suit, the claim remains unquantified and VEON intends to vigorously defend the action at all phases of the proceedings.

VAT on Replacement SIMs

<u>SIM Cards Issued June 2009 to December 2011</u>

On April 1, 2012, the National Board of Revenue (**"NBR"**) issued a demand to Banglalink Digital Communications Limited (**"Banglalink"**) for BDT 7.74 billion (US$70) for unpaid SIM tax (VAT and supplementary duty). The NBR alleged that Banglalink evaded SIM tax on new SIM cards by issuing them as replacements. On the basis of 5 random SIM card purchases made by the NBR, the NBR concluded that all SIM card replacements issued by Banglalink between June 2009 and December 2011 (7,021,834 in total) were new SIM connections and subject to tax. Similar notices were sent to three other operators in Bangladesh. Banglalink and the other operators filed separate petitions in the High Court, which stayed enforcement of the demands.

In an attempt to assist the NBR in resolving the dispute, the Government ordered the NBR to form a Review Committee comprised of the NBR, the Commissioner of Taxes (**"LTU"**), BTRC, Association of Mobile Telecom Operators of Bangladesh and the operators (including Banglalink). The Review Committee identified a methodology to determine the amount of unpaid SIM tax and, after analyzing 1,200 randomly selected SIM cards issued by Banglalink, determined that only 4.83% were incorrectly registered as replacements. The Review Committee's interim report was signed off by all the parties, however, the Convenor of the Review Committee reneged on the interim report and unilaterally published a final report that was not based on the interim report or the findings of the Review Committee. The operators objected to the final report.

The NBR Chairman and operators' representative agreed that the BTRC would prepare further guidelines for verification of SIM users. Although the BTRC submitted its guidelines (under which Banglalink's exposure was determined to be 8.5% of the original demand), the Convenor of the Review Committee submitted a supplementary report which disregarded the BTRC's guidelines and assessed Banglalink's liability for SIM tax to be BDT 7.62 billion (US$69). The operators refused to sign the supplementary report.

On May 18, 2015, Banglalink received an updated demand from the LTU claiming Banglalink had incorrectly issued 6,887,633 SIM cards as replacement SIM cards between June 2009 and December 2011 and required Banglalink to pay BDT 5.32 billion (US$48) in SIM tax. The demand also stated that interest may be payable. Similar demands were sent to the other operators.

On June 25, 2015, Banglalink filed an application to the High Court to stay the updated demand, and a stay was granted. On August 13, 2015, Banglalink filed its appeal against the demand before the Appellate Tribunal and deposited 10% of the amount demanded in order to proceed. The other operators also appealed their demands. On May 26, 2016, Banglalink presented its legal arguments and on September 28, 2016, the appeals of all the operators were heard together.

The Appellate Tribunal rejected the appeal of Banglalink and all other operators on June 22, 2017. On July 11, 2017, Banglalink filed an appeal of the Appellate Tribunal's judgement with the High Court Division of the Supreme Court of Bangladesh. The appeal is pending.

<u>SIM Cards Issued July 2012 to June 2015</u>

On November 20, 2017, the LTU issued a final demand to Banglalink for BDT 1.69 billion (US$15) for unpaid tax on SIM card replacements issued by Banglalink between July 2012 and June 2015. On February 20, 2018, Banglalink filed its appeal against this demand before the Appellate Tribunal and deposited 10% of the amount demanded in order to proceed. By its judgement dated February 10, 2020, the Appellate Tribunal rejected Banglalink's appeal. Banglalink appealed to the High Court Division. Before hearing the appeal, the Court *suo moto* took up as a preliminary question whether, based on new law, the matter is subject to an appeal or an application for revision. On March 2, 2021, the Court determined that an application for revision is the correct procedure and dismissed the appeal. Banglalink filed an appeal before the Appellate Division and the appeal is pending for hearing. If the Appellate Division rejects the appeal, then Banglalink will be obligated to deposit 10% of the disputed amount in order to continue its challenge.

As of December 31, 2023, the Company has recorded a provision, for the cases discussed above of, US$8 (2022: US$8).

Other contingencies and uncertainties

In addition to the individual matters mentioned above, the Company is involved in other disputes, litigation and regulatory inquiries and investigations, both pending and threatened, in the ordinary course of its business. For example, our operating company in Bangladesh has recently been subject to an extensive audit conducted by the BTRC concerning past compliance with all relevant license terms, laws and regulations for the period covering 1996 (inception of our operating company in Bangladesh) to December 2019. On June 26, 2023, the BTRC released its audit findings and issued a claim of BDT 8,231 million (approximately US$74) which includes BDT 4,307 million (approximately US$39) for interest. The Company has paid the principal amount and is currently having discussions with government stakeholders, including the BTRC for removal of the interest amount. Should Banglalink and the BTRC not be able to reach a mutually agreed position concerning the removal of the interest amount, protracted litigation may result. The Company has accrued for amounts of the claim where it considers a cash outflow to be probable. The total value of all other individual contingencies that are able to be quantified and are above US$5, other than disclosed above and in Note 8, amounts to US$205 (2022: US$289). Due to the high level of estimation uncertainty, as described in 'Source of estimation uncertainty' in this Note 7 and in Note 8, it is not practicable for the Company to reliably estimate the financial effect for certain contingencies and therefore no financial effect has been included within the preceding disclosure. The Company does not expect any liability arising from these contingencies to have a material effect on the results of operations, liquidity, capital resources or financial position of the Company. Furthermore, the Company believes it has provided for all probable liabilities.

For the ongoing matters described above, where the Company has concluded that the potential loss arising from a negative outcome in the matter cannot be reliably estimated, the Company has not recorded an accrual for the potential loss. However, in the event a loss is incurred, it may have an adverse effect on the results of operations, liquidity, capital resources, or financial position of the Company.

ACCOUNTING POLICIES

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted using a current pre-tax rate if the time value of money is significant. Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

SOURCE OF ESTIMATION UNCERTAINTY

The Group is involved in various legal proceedings, disputes and claims, including regulatory discussions related to the Group's business, licenses, tax positions and investments, and the outcomes of these are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to increase or decrease the amount recorded for a matter that has not been previously recorded because it was not considered probable and /or the impact could not be estimated (no reasonable estimate could be made).

In the ordinary course of business, VEON may be party to various legal and tax proceedings, including as it relates to compliance with the rules of the telecom regulators in the countries in which VEON operates, competition law and anti-bribery and corruption laws, including the U.S. Foreign Corrupt Practices Act (**"FCPA"**). Non-compliance with such rules and laws may cause VEON to be subject to claims, some of which may relate to the developing markets and evolving fiscal and regulatory environments in which VEON operates. In the opinion of management, VEON's liability, if any, in all pending litigation, other legal proceeding or other matters, other than what is discussed in this Note, will not have a material effect upon the financial condition, results of operations or liquidity of VEON.

8 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 reporting date, and any adjustment to tax payable in respect of previous years.

Income tax payable

Current income tax payable consisted of the following items as of December 31:

	2023	2022
Current tax payable	61	47
Uncertain tax provisions	93	133
Total income tax payable	**154**	**180**

In addition to the above balance of uncertain tax provisions we have also recognized uncertain tax provisions which have been directly offset with available losses.

VEON is involved in a number of disputes, litigation and regulatory proceedings in the ordinary course of its business, pertaining to income tax claims. The total value of these individual contingencies that are able to be quantified amounts to US$355 (2022: US$193). Due to the high level of estimation uncertainty, as described in 'Source of estimation uncertainty' disclosed below in this Note 8, it is not practicable for the Company to reliably estimate the financial effect for certain contingencies and therefore no financial effect has been included within the preceding disclosure. The Company does not expect any liability arising from these contingencies to have a material effect on the results of operations, liquidity, capital resources or financial position of the Company, however we note that an unfavorable outcome of some or all of the specific matters could have a material adverse impact on results of operations or cash flows for a particular period. This assessment is based on our current understanding of relevant facts and circumstances. As such, our view of these matters is subject to inherent uncertainties and may change in the future. For further details with respect to VEON's uncertain tax provisions and tax risks, please refer to the 'Accounting policies' and 'Source of estimation uncertainty' disclosed below.

Income tax assets

The Company reported current income tax assets of 58 million (2022: US$72).

These tax assets mainly relate to advance tax payments in our operating companies which can only be offset against income tax liabilities in that relevant jurisdiction, in fiscal periods subsequent to the balance sheet date.

Income tax expense

Income tax expense consisted of the following for the years ended December 31:

	2023	2022	2021
Current income taxes			
Current year	249	271	273
Adjustments in respect of previous years	13	10	47
Total current income taxes	**262**	**281**	**320**
Deferred income taxes			
Movement of temporary differences and losses	(114)	(50)	38
Changes in tax rates	(4)	(4)	—
Changes in recognized deferred tax assets*	35	(117)	—
Adjustments in respect of previous years	1	(5)	(21)
Other	(1)	(36)	7
Total deferred tax expense / (benefit)	**(83)**	**(212)**	**24**
Income tax expense	**179**	**69**	**344**

In 2022, the increase of deferred tax assets is mainly driven by recognition of previously unrecognized historic losses due to positive outlook and business developments in our Bangladesh operations.

Effective tax rate

The table below outlines the reconciliation between the statutory tax rate in the Netherlands of (25.8%) (in 2021 the statutory rate was 25.0%) and the effective income tax rates for the Group, together with the corresponding amounts, for the years ended December 31:

	2023	2022	2021	Explanatory notes
Profit / (loss) before tax from continuing operations	559	802	464	
Income tax benefit / (expense) at statutory tax rate (25.8%)	**(144)**	**(207)**	**(116)**	
Difference due to the effects of:				
Different tax rates in different jurisdictions	66	45	(5)	Certain jurisdictions in which VEON operates have income tax rates which are different to the Dutch statutory tax rate of 25.8% (25.0% in 2021). Profitability in countries with lower tax rates (i.e. Kazakhstan, Ukraine) has a positive impact on the effective tax rate, offset with profitability in countries with higher rates (i.e. Pakistan, Bangladesh).
Non-deductible expenses	(50)	(46)	(35)	The Group incurs certain expenses which are non-deductible in the relevant jurisdictions. In 2023 and 2022, such expenses mainly include intra-group expenses (i.e. interest on internal loans), certain non-income tax charges (i.e. minimum tax regimes) and other. In 2021, the non-deductible expenses include impairment losses (unless resulting in a change in temporary differences), certain non-income tax charges (i.e. minimum tax regimes) and intra-group expenses (i.e. interest on internal loans).
Non-taxable income	30	11	(3)	In 2023, the non-taxable income is mainly driven by the non-taxable FOREX gains incurred by Dutch Holdings on sale of subsidiaries of US$25. In 2022, non-taxable income is mainly driven by reversal of previously unrecognized management fees in Uzbekistan.
Adjustments in respect of previous years	(14)	(6)	(25)	In 2023, the effect of prior year adjustments mainly relates to tax return true-ups and the effects of 6% Super tax in Pakistan introduced in 2023 which had a retrospective impact on 2022. In 2022, the effect of prior year adjustments mainly relates to tax return true-ups and the effects of 4% Super tax in Pakistan introduced in 2022 which had a retrospective impact on 2021. In 2021, the effect of prior years' adjustments mainly relates to corrections in prior year filings in Pakistan, as part of the Alternative Dispute Resolution Committee process.
Movements in (un)recognized deferred tax assets	(35)	117	(76)	In 2023, the movements in (un)recognized deferred tax assets are primarily caused by tax losses and other credits mainly in the Netherlands and Luxembourg, for which no deferred tax asset has been recognized. In 2022, the movements primarily relates to holding entities in the Netherlands and deferred tax asset recognition on previously unrecognized losses in Bangladesh of US$108. The increase of deferred tax assets in Bangladesh is mainly driven by recognition of previously unrecognized historic losses due to positive outlook and business developments in our Bangladesh operations.
Withholding taxes	(32)	38	(73)	Withholding taxes are recognized to the extent that dividends from foreign operations are expected to be paid in the foreseeable future. In 2023, the net WHT of US$(32) mainly comprised of WHT on interest from Russia of US$(16) and US$(15) of WHT provided for as a deferred tax on outside basis during 2023 on the dividends planned to be paid out in 2024 mainly from Pakistan, Kazakhstan and Uzbekistan. In 2022, the net WHT benefit of US$38 comprising of reversal of WHT provision related to Russia, Ukraine and Pakistan. In 2021, expenses relating to withholding taxes were primarily influenced by the anticipated dividends from Pakistan, Ukraine and Uzbekistan.
Uncertain tax positions	2	(25)	(7)	The tax legislation in the markets in which VEON operates is unpredictable and gives rise to significant uncertainties (see 'Source of estimation uncertainty' below). During 2022, provisions were made for a dispute in Italy. The impact of movements in uncertain tax positions is presented net of any corresponding deferred tax assets recognized.
Change in income tax rate	4	4	—	Changes in tax rates impact the valuation of existing deferred tax assets and liabilities on temporary differences. In 2023, the statutory tax rate in Pakistan increased by 6% resulting in the total tax charge of 39%. In 2022, the statutory tax rate in Pakistan increased by 4% resulting in the total tax charge of 33%.
Other	(6)	—	(4)	In 2023, others is impacted mainly by a CFC charge for US$(6). In 2021, US$(4) relate to various permanent differences.
Income tax benefit / (expense)	**(179)**	**(69)**	**(344)**	
Effective tax rate	**32.0%**	**8.6%**	**74.1%**	

Deferred taxes

The Group reported the following deferred tax assets and liabilities in the statement of financial position as of December 31:

	2023	2022
Deferred tax assets	312	274
Deferred tax liabilities	(26)	(36)
Net deferred tax position	286	238

The following table shows the movements of net deferred tax positions in 2023:

		Movement in deferred taxes			
	Opening balance	Net income statement movement	Held for sale	Other movements	Closing balance
Property and equipment	(82)	23	—	11	(48)
Intangible assets	59	14	—	(9)	64
Trade receivables	21	5	—	(2)	24
Provisions	15	(2)	—	(1)	12
Accounts payable	36	25	—	(7)	54
Withholding tax on undistributed earnings	(29)	8	—	2	(19)
Tax losses and other balances carried forwards	2,600	149	—	(290)	2,459
Non-recognized deferred tax assets	(2,395)	(147)	—	265	(2,277)
Other	13	7	—	(3)	17
Net deferred tax positions	238	82	—	(34)	286

The following table shows the movements of net deferred tax positions in 2022:

		Movement in deferred taxes			
	Opening balance	Net income statement movement	Held for sale	Other movements	Closing balance
Property and equipment	(100)	(45)	35	28	(82)
Intangible assets	36	59	(13)	(23)	59
Trade receivables	32	(20)	7	2	21
Provisions	17	7	(7)	(2)	15
Accounts payable	90	32	(65)	(21)	36
Withholding tax on undistributed earnings	(98)	69	—	—	(29)
Tax losses and other balances carried forwards	2,626	41	(3)	(64)	2,600
Non-recognized deferred tax assets	(2,498)	57	—	46	(2,395)
Other	8	12	—	(7)	13
Net deferred tax positions	113	212	(46)	(41)	238

Unused tax losses and other credits carried forwards

VEON recognizes a deferred tax asset for unused tax losses and other credits carried forwards, to the extent that it is probable that the deferred tax asset will be utilized. The amount and expiry date of unused tax losses and other carry forwards for which no deferred tax asset is recognized are as follows:

As of December 31, 2023	0-5 years	6-10 years	More than 10 years	Indefinite	Total
Tax losses expiry					
Recognized losses	—	—	—	(388)	(388)
Recognized DTA	—	—	—	146	146
Non-recognized losses	—	—	(1,204)	(7,764)	(8,968)
Non-recognized DTA	—	—	300	1,951	2,251
Other credits carried forwards expiry					
Recognized credits	—	(36)	—	—	(36)
Recognized DTA	—	36	—	—	36
Non-recognized credits	—	—	—	(97)	(97)
Non-recognized DTA	—	—	—	26	26

As of December 31, 2022	0-5 years	6-10 years	More than 10 years	Indefinite	Total
Tax losses expiry					
Recognized losses	—	—	—	(410)	(410)
Recognized DTA	—	—	—	159	159
Non-recognized losses	—	—	(853)	(8,528)	(9,381)
Non-recognized DTA	—	—	213	2,144	2,357
Other credits carried forwards expiry					
Recognized credits	(1)	(45)	—	—	(46)
Recognized DTA	1	45	—	—	46
Non-recognized credits	—	—	—	(147)	(147)
Non-recognized DTA	—	—	—	38	38

Losses mainly relate to our holding entities in Luxembourg (2023: US$6,232; 2022: US$6,776) and the Netherlands (2023: US$2,572; 2022: US$2,352).

VEON reports the tax effect of the existence of undistributed profits that will be distributed in the foreseeable future. The Company has a deferred tax liability of US$19 (2022: US$29), relating to the tax effect of the undistributed profits that will be distributed in the foreseeable future, primarily in its Pakistan, Uzbekistan and Kazakhstan operations.

As of December 31, 2023, undistributed earnings of VEON's foreign subsidiaries (outside the Netherlands) which are indefinitely invested and will not be distributed in the foreseeable future, amounted to US$6,241 (2022: US$6,105). Accordingly, no deferred tax liability is recognized for this amount of undistributed profits.

ACCOUNTING POLICIES

Income taxes

Income tax expense represents the aggregate amount determined on the profit for the period based on current tax and deferred tax. In cases where the tax relates to items that are charged to other comprehensive income or directly to equity, the tax is also charged respectively to other comprehensive income or directly to equity.

Uncertain tax positions

The Group's policy is to comply with the applicable tax regulations in the jurisdictions in which its operations are subject to income taxes. The Group's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by the Company's subsidiaries will be subject to a review or audit by the relevant tax authorities. Uncertain tax positions are generally assessed individually, using the most likely outcome method. The Company and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions (refer below for details regarding risks and uncertainties).

Deferred taxation

Deferred taxes are recognized using the liability method and thus are computed as the taxes recoverable or payable in future periods in respect of deductible or taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements.

SOURCE OF ESTIMATION UNCERTAINTY

Tax risks

The tax legislation in the markets in which VEON operates is unpredictable and gives rise to significant uncertainties, which could complicate our tax planning and business decisions. Tax laws in many of the emerging markets in which we operate have been in force for a relatively short period of time as compared to tax laws in more developed market economies. Tax authorities in our markets are often less advanced in their interpretation of tax laws, as well as in their enforcement and tax collection methods.

Any sudden and unforeseen amendments of tax laws or changes in the tax authorities' interpretations of the respective tax laws and/or double tax treaties, could have a material adverse effect on our future results of operations, cash flows or the amounts of dividends available for distribution to shareholders in a particular period (e.g. introduction of transfer pricing rules, Controlled Foreign Operation ("CFC") legislation and more strict tax residency rules).

Management believes that VEON has paid or accrued all taxes that are applicable. Where uncertainty exists, VEON has accrued tax liabilities based on management's best estimate. From time to time, we may also identify tax contingencies for which we have not recorded an accrual. Such unaccrued tax contingencies could materialize and require us to pay additional amounts of tax. The potential financial effect of such tax contingencies are disclosed in Note 7 and above in this Note 8, unless not practicable to do so.

Uncertain tax positions

Uncertain tax positions are recognized when it is probable that a tax position will not be sustained. The expected resolution of uncertain tax positions is based upon management's judgement of the likelihood of sustaining a position taken through tax audits, tax courts and/or arbitration, if necessary. Circumstances and interpretations of the amount or likelihood of sustaining a position may change through the settlement process. Furthermore, the resolution of uncertain tax positions is not always within the control of the Group and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve.

Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that the assets will be realized. Significant judgement is required to determine the amount that can be recognized and depends foremost on the expected timing, level of taxable profits, tax planning strategies and the existence of taxable temporary differences. Estimates made relate primarily to losses carried forward in some of the Group's foreign operations. When an entity has a history of recent losses, the deferred tax asset arising from unused tax losses is recognized only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered such evidence unless that entity has demonstrated the ability by generating significant taxable profit for the current year or there are certain other events providing sufficient evidence of future taxable profit. New transactions and the introduction of new tax rules may also affect judgements due to uncertainty concerning the interpretation of the rules and any transitional rules.

Future legislative changes

Pillar Two legislation has been substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group’s financial year beginning January 1, 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group’s potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

The Group has applied the temporary mandatory exception to the requirement to recognize deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has accumulated US$8,098 of tax losses and US$126 of other tax attributes in various jurisdictions which can be carried-forward and taken into account for Pillar Two purposes.

INVESTING ACTIVITIES OF THE GROUP

9 SIGNIFICANT TRANSACTIONS

SIGNIFICANT TRANSACTIONS IN 2023

Completion of Sale of Russian operations

On October 9, 2023, VEON announced the completion of its exit from Russia with closing of the sale of its Russian operations. On September 13, 2023, VEON and the buyer agreed on certain amendments to the Share Purchase Agreement ("SPA") which had no material impact on the economic terms of the original transaction announced on November 24, 2022.

During the year ended December 31, 2023, VimpelCom independently purchased US$2,140 equivalent of VEON Holdings bonds (based on applicable foreign exchange rates on the relevant purchase dates) in order to satisfy certain Russian regulatory obligations. VEON Holdings redeemed US$406 of these notes from VimpelCom following their maturity in September 2023.

Upon the completion of the sale of our Russian Operations, VEON Holdings bonds representing a nominal value of US$1,576 which were acquired by VimpelCom were transferred to Unitel LLC (a wholly owned subsidiary of the Company) and offset against the purchase consideration of RUB 130 billion (approximately US$1,294 on October 9, 2023) on a non cash basis resulting in no impact on our cash flows.

The remaining deferred consideration of US$72 as of December 31, 2023 was offset against VEON Holdings bonds acquired by VimpelCom representing a nominal value of US$72, in July 2024, in compliance with applicable regulatory licensing after receiving the relevant regulatory approvals. In addition, there was a US$11 receivable against the sale of towers in Russia recognized in prior periods that was also assigned to the Company as part of the sale transaction. Refer to Note 23 for further details.

The financial impact of the sale of our Russian operations is a loss of US$3,746 recorded within (Loss) / Profit after Tax from Discontinued Operations" in the Consolidated Income Statement, primarily due to US$3,414 of cumulative currency translation losses which accumulated in equity through other comprehensive income and recycled through the consolidated income statement on the date of the disposal. Overall, the sale of the Russian Operations resulted in significant deleveraging of VEON's balance sheet. For further details, refer to Note 10.

Agreement between Banglalink and Summit regarding the sale of its Bangladesh tower assets

On November 15, 2023, VEON announced that its wholly owned subsidiary, Banglalink, entered into an Asset Sale and Purchase Agreement ("APA") and Master Tower Agreement ("MTA"), to sell a portion of its tower portfolio (2012 towers, nearly one-third of Banglalink's infrastructure portfolio) in Bangladesh to the buyer, Summit, for BDT 11 billion (US$97). The closing of the transaction was subject to regulatory approval which was received on December 21, 2023. Subsequently, the deal closed on December 31, 2023. Under the terms of the deal, Banglalink entered into a long-term lease agreement with Summit under which Banglalink will lease space upon the sold towers for a period of 12 years, with up to seven optional renewal periods of 10 years each. The lease agreement became effective upon the closing of the sale.

As of November 15, 2023, the Bangladesh towers were classified as assets held for sale. Following the classification as disposal group held-for-sale, the Company did not account for depreciation and amortization expenses of the Bangladesh tower assets. As a result of the closing of the sale on December 31, 2023, control of the towers was transferred to Summit and Banglalink recognized the purchase consideration of BDT 11 billion (US$97) net of cost of disposals containing legal, regulatory and investment bankers costs amounting BDT 855 million (US$8). The consideration was receivable as of December 31, 2023, and payment was subsequently received in January 2024 upon the final completion date under the terms of the APA. As a result of applying sale and leaseback accounting principles to the lease agreement under the terms of the deal, Banglalink recognized a gain on sale of assets of BDT 4 billion (US$34), right-of-use assets of BDT 550 million (US$5) representing the proportional fair value of assets (towers) retained with respect to the book value of assets (towers) sold amounting to BDT 950 million (US$9) and lease liabilities of BDT 6 billion (US$52) based on a 12 year lease term, which are at market rates. Additional right-of-use assets and lease liabilities of BDT 4 billion (US$40) were recognized for total right-of-use assets of BDT 5 billion (US$45) and total lease liabilities of BDT 10 billion (US$92).

Significant movements in exchange rates

An increase in demand for hard currencies, in part due to the ongoing war in Ukraine (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. While the UAH to USD foreign exchange rate have been relatively stable during 2023 given the ongoing circumstances in Ukraine, there is a continued risk of a significant Ukrainian hryvnia ("UAH") to USD depreciation. This risk has been partially mitigated by investment of excess cash in USD denominated domestic Ukrainian sovereign bonds. Refer to Note 18 for further details on foreign currency risk and Note 16 for further details on the Ukrainian sovereign bonds. As such, in the twelve-months ended December 31, 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$598 (2022:US$480) recorded against the foreign currency translation reserve in the consolidated statement of comprehensive income.

SIGNIFICANT TRANSACTIONS IN 2022 AND 2021

Announced sale of Russia operations

On November 24, 2022, VEON entered into an agreement to sell VEON's Russian operations to certain senior members of the management team of VimpelCom, led by the CEO at the time, Aleksander Torbakhov. Under the agreement, VEON will receive consideration of RUB 130 billion (approximately US$1,294). 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 (the United States, the United Kingdom, the European Union, and Bermuda) for the proposed structure of the sale. As of July 24, 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. The transaction is expected to be completed in 2023.

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. 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 Russian operations in the consolidated income statements and the consolidated statements of cash flows for 2022, 2021 and 2020 were presented separately. For further details of the transaction, refer to Note 10.

Sale of Algeria operations

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 sales price of US$682 in cash. For further details of the transaction, refer to Note 10.

Sale of Georgia operations

On March 31, 2022, VEON Georgia Holdings B.V. entered into 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 a sales price of US$45 in cash, 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$88 gain on disposal of VEON Georgia, which includes the recycling of currency translation reserve in the amount of US$78.

Significant movements in exchange rates

An increase in demand for hard currencies, in part due to the ongoing war in Ukraine as well as macroeconomic conditions in Pakistan and Bangladesh, resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, in 2022, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, decreased significantly, with a corresponding loss of US$480 recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

Agreement between VEON and Service Telecom regarding the Sale of its Russian tower assets

On September 5, 2021, the Company and VEON Holdings B.V., a subsidiary of the Company, signed an agreement for the sale of its direct subsidiary, NTC, with Service Telecom Group of Companies LLC, ("ST"), for RUB 70,650 (US$945). The transaction was subject to regulatory approvals which were obtained on November 12, 2021, and consummation of other certain closing conditions which were completed on December 1, 2021. Under the terms of the deal, Russia, an operating segment of the Company, entered into a long-term lease agreement with NTC under which Russia will lease space upon NTC's portfolio of 15,400 towers for a period of 8 years, with up to ten optional renewal periods of 8 years each. Under the same agreement, an additional 5,000 towers are committed to be leased. The lease agreement was signed on October 15, 2021.

On September 5, 2021, the Company classified NTC as a disposal group held-for-sale, including goodwill allocated of US$215 to NTC from Russia based on its relative fair values as NTC is a subset of the Russia CGU. Following the classification as disposal group held-for-sale, the Company did not account for depreciation and amortization expenses of NTC assets.

On December 1, 2021, upon completion of the sale agreement with ST, control of NTC was transferred to ST. As a result of applying sale and leaseback accounting principles to the lease agreement under the terms of the deal, the Company recognized a gain on sale of subsidiary of US$101 and Russia recognized right-of-use assets of US$101 representing the proportional fair value of assets retained with respect to book value of assets sold and lease liabilities of US$718 based on an 8 year lease term, which are at market rates, as well as a proportionate amount of goodwill, with respect to the portion of cash generating assets retained through the lease, of US$168. A portion of goodwill was also retained within Russia as assets held-for-sale for future sites to be sold under the agreement.

The following table shows the assets and liabilities disposed of relating to NTC on December 1, 2021:

	2021
Property and equipment	264
Goodwill	222
Other current assets	24
Total assets disposed	**510**
Non-current liabilities	127
Current liabilities	23
Total liabilities disposed	**150**

Lease commitments for the additional 5,000 towers to be leased in the duration of the lease term at December 31, 2021 are US$263.

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 the 2100MHz band following successful bids at an auction held by the BTRC. The newly acquired spectrum will see Banglalink increase its total spectrum holding from 30.6MHz to 40MHz. Banglalink total investment will amount to BDT 10 billion (US$115) to purchase the spectrum.

VEON completes the acquisition of majority shareholding in OTM

In June 2021, VEON successfully acquired a majority stake of 67% in OTM (a technology platform for the automation and planning of online advertising purchases in Russia) for US$16.

PMCL Warid License Capitalization

The Warid license renewal (merged with Jazz since 2016) was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority (**"PTA"**) issued a license renewal decision on July 22, 2019 requiring payment of US$40 per MHz for 900 MHz spectrum and US$30 per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 (excluding applicable taxes of approximately 13%). On August 17, 2019, Jazz appealed the PTA's order to the Islamabad High Court. On August 21, 2019, the Islamabad High Court suspended the PTA's order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) as per the options given in the PTA's order. As a result, PMCL deposited US$326, including the initial 50% payment of license as well as subsequent installments, in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal.

On July 19, 2021, Islamabad High Court dismissed Jazz's appeal. Based on the dismissal of appeal by the court, subsequent legal opinion obtained and acceptance of the total license price, the license was recognized amounting US$384, net of service cost liability of US$65. Consequently, the security deposit balance of US$326 was also adjusted. Subsequently, on October 18, 2021, PMCL and PTA signed the license document.

10 HELD FOR SALE AND DISCONTINUED OPERATIONS

The following table provides the details of assets and liabilities classified as held-for-sale as of December 31:

	Assets held-for-sale		Liabilities held-for-sale	
	2023	2022	2023	2022
Russia	—	5,792	—	4,232
Total assets and liabilities held for sale	**—**	**5,792**	**—**	**4,232**

The following table provides the details of loss after tax from discontinued operations and disposals of discontinued operations for the periods ended December 31:

	2023	2022	2021
Russia			
Profit / (loss) after tax for the period	916	(164)	530
Loss on disposal	(3,746)	—	—
Algeria			
Profit / (loss) after tax for the period	—	144	151
Loss on disposal	—	(722)	—
Total loss after tax from discontinued operations and disposals of discontinued operations	**(2,830)**	**(742)**	**681**

Sale of Russia operations

On November 24, 2022, VEON entered into the Share Purchase Agreement ("SPA") to sell VEON's Russian operations to certain senior members of the management team of VimpelCom, led by the CEO at the time, Aleksander Torbakhov. Under the agreement, the purchase price consideration of RUB 130 billion (approximately US$1,294 on October 9, 2023), was expected to be settled primarily by VimpelCom taking on and discharging certain VEON Holdings B.V.'s debt, thus significantly deleveraging VEON's balance sheet. The SPA contained 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 was subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (the United States, the United Kingdom, the European Union, and Bermuda) for the proposed structure of the sale.

On November 24, 2022, the signing date of the SPA, the Company classified its Russian operations as a disposal group held-for-sale and discontinued operations. Following the classification as disposal group held-for-sale, the Company did not account for depreciation and amortization expenses of Russia's assets.

On September 13, 2023, VEON agreed with the buyer, owned by certain senior members of VimpelCom's management team, amendments to the SPA, which had no material impact on the economic terms of the original transaction announced on November 24, 2022. With the amendments to the sale agreement, the entire consideration for the sale was agreed to be satisfied by transferring the agreed value of VEON Holdings bonds acquired by VimpelCom to a wholly owned subsidiary of VEON Holdings (Unitel LLC) on or prior to the closing of the sale, which will hold such notes until their cancellation or maturity. U.S. and other regulatory approvals were received for the transfer of approximately 95% of such VEON Holdings bonds.

During the year ended 31 December 2023, VimpelCom independently purchased US$2,140 equivalent of the Issuer's debt securities in order to satisfy certain Russian regulatory obligations.

On October 9, 2023, VEON announced the completion of its exit from Russia with closing of the sale of its Russian operations. Upon completion of the sale, control of VimpelCom was transferred to the buyer, and accordingly, a loss of US$3.7 billion recorded within "Profit / (loss) after Tax from Discontinued Operations" in the Consolidated Income Statement was recognized, primarily due to US$3.4 billion of cumulative currency translation losses which accumulated in equity through other comprehensive income and recycled through the consolidated income statement on the date of the disposal. VEON Holdings redeemed US$406 of these debt securities from VimpelCom following their maturity. Upon the completion of the sale, the agreed amount of the bonds of VEON Holdings B.V., a wholly owned subsidiary of the Company, ("VEON Holdings"), acquired by VimpelCom representing a nominal value of US$1,576 were transferred to Unitel LLC (a wholly owned subsidiary of the Company) and offset against the purchase consideration of RUB 130 billion (approximately US$1,294 on October 9, 2023) on a non cash basis resulting in no impact on the cash flows. The remaining deferred consideration of US$72 as of December 31, 2023 was offset against VEON Holdings bonds acquired by VimpelCom representing a nominal value of US$72, in July 2024 after receiving the relevant regulatory approval.

The following table shows the assets and liabilities disposed in 2023 and classified as held-for-sale relating to Russia operations as of:

	October 9, 2023	December 31, 2022
Property and equipment	3,216	3,941
Intangible assets excl. goodwill	386	356
Goodwill	155	617
Deferred tax assets	72	78
Other non-current assets	1,328	50
Inventories	53	113
Trade and other receivables	287	367
Other current assets	839	270
Total assets disposed / held for sale	**6,336**	**5,792**
Non-current liabilities		
Debt and Derivatives – NCL	3,641	2,888
Other non-current liabilities	26	64
Current liabilities		
Trade and other payables	494	691
Debt & Derivatives – CL	233	306
Other non-financial liabilities	300	283
Total liabilities disposed / held for sale	**4,694**	**4,232**

The following table shows the profit / (loss) and other comprehensive income relating to Russia operations for the periods ended December 31 and as of date of disposal:

Income statement and statement of comprehensive income	**October 9, 2023**	**2022**	**2021**
Operating revenue	2,780	4,277	3,943
Operating expenses **	(1,865)	(3,993)	(3,424)
Other expenses	42	(424)	(76)
Profit / (loss) before tax for the period	957	(140)	443
Income tax benefit / (expense)	(41)	(24)	87
Profit / (loss) after tax for the period	916	(164)	530
Other comprehensive income / (loss)*	(421)	(29)	(10)
Total comprehensive income / (loss)	495	(193)	520

**Other comprehensive income relates to the foreign currency translation of discontinued operations.*
*** In 2023, operating expenses includes an impairment of US$281 (2022:US$446) against the carrying value of goodwill in Russia. There was no impairment of goodwill in 2021.*

The following table shows the results for the disposal of the Russia operations that are accounted for in these financials as of December 31, 2023:

	2023
Sale consideration *	1,294
Carrying amount of net assets at disposal **	(1,642)
De-recognition of non-controlling interest	16
Loss on sale before reclassification of foreign currency translation reserve	**(332)**
Reclassifications of:	
foreign currency translation reserve	(3,384)
net investment hedge reserves	(30)
	(3,414)
Net loss on disposal of Russia operations	**(3,746)**

*As discussed above, the sale consideration was settled in a non-cash transaction via the transfer of bonds held by Vimpelcom to VEON Holdings' subsidiary.

** Net assets include US$715 relating to cash and cash equivalents at disposal.

Russia impairment losses 2023

As of June 30, 2023, assets and liabilities held-for-sale were assessed for impairment in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and valued at the lower of their carrying value and fair value less costs to sell. 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 VimpelCom to reach the sales consideration of RUB 130 billion.

As of September 30, 2023, the carrying value of Russian net assets amounted to US$(165) due to increased external debt. The VEON share of net assets amounted to US$(179), excluding non-controlling interest. The sales proceeds as per the SPA of RUB 130 billion was fully settled upon closing against the receivable held by Vimpelcom for the VEON bonds acquired by VimpelCom and subsequently transferred to Unitel LLC. Therefore, the recoverable amount of the net assets, being the remaining portion of the sales proceeds as per SPA (Level 2 in the fair value hierarchy) to be settled against the net assets, amounted to nil. No further impairment or reversal was recorded.

Russia impairment losses 2022

The war 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 indicated a trigger that carrying value might be impaired and resulted in an impairment of US$446 against the carrying value of goodwill in Russia as of March 31, 2022, of which, the recoverable amount of the CGU was US$1,886. This 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 (for 2020 being 2021-2025 with terminal period 2026); for comparative period 2021 the rates were revised to conform the calculation being 2022-2026 and terminal period in 2027.*

*** CAPEX excludes licenses and ROU assets.*

**** 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 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$1,294 million) 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.

Russia impairment losses 2021

There were no impairment losses recorded in Russia in 2021.

Exercised Put option to sell entirety 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, 2021 and 2020 have been presented separately.

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

	August 5, 2022	December 31, 2021
Property and equipment	555	527
Intangible assets excl. goodwill	120	111
Goodwill	953	1,001
Deferred tax assets	35	35
Other current assets	234	172
Total assets disposed / held for sale	1,897	1,846
Non-current liabilities	91	106
Current liabilities	276	285
Total liabilities disposed / held for sale	367	391

The following table shows the profit and other comprehensive income relating to Algeria operations for the periods ended:

Income statement and statement of comprehensive income	**August 5, 2022**	**December 31, 2021**
Operating revenue	378	659
Operating expenses	(212)	(470)
Other expenses	(7)	(17)
Profit / (loss) before tax for the period	159	172
Income tax benefit / (expense)	(15)	(21)
Profit / (loss) after tax for the period	144	151
Other comprehensive income / (loss)*	(65)	(68)
Total comprehensive income / (loss)	**79**	**83**

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

The following table shows the results for the disposal of the Algeria operations that are accounted for in these financials as of December 31, 2022:

	2022
Consideration received in cash	682
Carrying amount of net assets at disposal *	(1,530)
De-recognition of non-controlling interest	824
Loss on sale before reclassification of foreign currency translation reserve	**(24)**
Reclassification of foreign currency translation reserve	(698)
Net loss on disposal of Algeria operations	**(722)**

*Net assets include US$175 relating to cash and cash equivalents at disposal

ACCOUNTING POLICIES

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction or loss of control rather than through continuing use, and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Assets and liabilities of a disposal group classified as held-for-sale are presented separately from the other assets and liabilities in the statement of financial position without restating the prior period comparatives.

A discontinued operation is a component that is classified as held-for-sale and that represents a separate major line of business or geographical area of operations. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in the income statement and cash flow statement within operating, investing and financing activities in the current period and comparative periods. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

11 IMPAIRMENT OF ASSETS

Property and equipment and intangible assets are tested regularly for impairment. The Company assesses, at the end of each reporting period, whether there exists any indicators that an asset may be impaired (i.e., asset becoming idle, damaged or no longer in use). If there are such indicators, the Company estimates the recoverable amount of the asset. Impairment losses of continuing operations are recognized in the income statement in a separate line item.

Goodwill is tested for impairment annually (at September 30) or when circumstances indicate the carrying value may be impaired. Refer to Note 13 for an overview of the carrying value of goodwill per cash-generating unit ("CGU"). The Company's impairment test is primarily based on fair value less cost 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. The Company considers the relationship between its market capitalization and its book value, as well as its weighted average cost of capital and the quarterly financial performances of each CGU when reviewing for indicators of impairment in interim periods.

The CGUs classified as Assets Held for Sale and Discontinued Operation during 2023 are disclosed in Note 10, including any current or past impairment charges recorded for these CGUs.

Impairment losses / (reversals) in 2023

	Property and equipment	Total impairment / (reversal)
2023		
Ukraine	1	1
Other*	(7)	(7)
	(6)	**(6)**

** This includes net impairment reversals on telecommunication equipment in Kazakhstan.*

The Company performed annual impairment testing of goodwill and for non-goodwill CGUs also tested assets for impairment as of September 30, 2023 and subsequently assessed for indicators of impairment or reversal of impairment as of December 31, 2023. CGU Bangladesh has limited headroom following the reversal of impairment in 2022 and is continuously monitored. Our assessment also considered the impact of the cyber-attack in December 2023 on our Ukrainian subsidiary, Kyivstar and the sale of the Bangladesh towers also in December 2023 and concluded that no impairment nor reversal of impairment was identified for any CGU. For further details of the Ukraine cyber-attack, refer to Note 1 and for details of the Bangladesh tower sale, refer to Note 9.

For details regarding the assessment of Russia and impairment of assets held for sale, refer to Note 10.

Impairment losses / (reversals) in 2022

	Property and equipment	Intangible assets	Goodwill	Other	Total impairment / (reversal)
2022					
Bangladesh	(32)	(68)	—	—	(100)
Kyrgyzstan	(29)	(9)	—	(11)	(49)
Ukraine *	35	1	—	—	36
Other	7	(1)	—	—	6
	(19)	**(77)**	**—**	**(11)**	**(107)**

**This includes net impairment to property and equipment as a result of physical damage to sites in Ukraine caused by the ongoing war between Russia and Ukraine.*

Bangladesh CGU

Bangladesh is a non-goodwill CGU, and therefore not subject to the mandatory annual impairment testing. However, in 2018 an impairment loss of US$451 was recognized against the value of the licenses and the network assets. The Company assessed if any indicators ("triggers") existed of an additional impairment or of a decrease of previous impairments and performed valuation tests to check if a further impairment or reversal of impairment was required.

The current business strategy focused on nation-wide expansion and the significant acquisition of the 4G license showed a continued revenue growth and balanced expansion of the subscriber base that were taken into account by management for business plans of the Bangladesh CGU.

Based on these revisions, the recoverable amount of US$474 was determined, establishing a headroom of US$119 above carrying value (US$355), of which an amount of US$100 was booked as a reversal of the impairment loss as per September 30, 2022.

The US$100 was reversed against intangible assets (US$68) and property and equipment (US$32). The remaining difference between the headroom and the amount of reversal of US$19 represents impairment related to assets that have been fully depreciated in the period since the impairment was recognized until September 30, 2022.

Bangladesh CGU is disclosed as Bangladesh reportable segment (refer to Note 2).

Kyrgyzstan CGU

Kyrgyzstan CGU, has no goodwill and is therefore not subject to the mandatory annual goodwill impairment testing. However, during 2020 as a consequence of the unstable political environment and uncertainties arising with respect to the recoverability of our operating assets in Kyrgyzstan, VEON fully impaired the carrying value of all operating assets of Kyrgyzstan. As a result, the Company recorded a total impairment loss of US$64.

As of September 30, 2022 the Company assessed triggers and performed valuation tests to check if a further impairment or reversal of impairment was required.

Based on this assessment, which reflected that the previous uncertainties were resolved through the acquisition of licenses and settlement of tax litigation, as of September 30, 2022 the recoverable amount of US$25 indicated a headroom of US$51. This has led to reversal of impairment loss as of September 30, 2022 for US$49 against property and equipment (US$29), intangible assets (US$9) and other assets (US$11). The remaining US$2 represents impairment related to assets that have been fully depreciated in the period since the impairment was recognized until September 30, 2022.

Kyrgyzstan CGU is disclosed within "Others" reportable segment (refer to Note 2).

Impairment losses / (reversals) in 2021

	Property and equipment	Intangible assets	Goodwill	Other	Total impairment / (reversal)
2021*					
Kyrgyzstan	12	5	—	2	19
Other	8	—	—	—	8
	20	**5**	**—**	**2**	**27**

KEY ASSUMPTIONS

The recoverable amounts of CGUs have been determined based on fair value less costs of disposal calculations, using cash flow projections from business plans prepared by management.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs. These budgets and forecast calculations are prepared for a period of five years. A long-term growth rate is applied to projected future cash flows after the fifth year.

The tables below show key assumptions used in fair value less costs of disposal calculations for CGUs with material goodwill or those CGUs for which an impairment loss or an impairment reversal has been recorded.

Discount rates

Discount rates are initially determined in U.S. dollars based on the risk-free rate for 20-year maturity bonds of the United States Treasury, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU relative to the market as a whole.

The equity market risk premium is sourced from independent market analysts. The systematic risk, beta, represents the median of the raw betas of the entities comparable in size and geographic footprint with the ones of the Company (**"Peer Group"**). The country risk premium is based on an average default spread derived from sovereign credit ratings published by main credit rating agencies for a given CGU. The debt risk premium is based on the median of Standard & Poor's long-term credit rating of the Peer Group. The weighted average cost of capital is determined based on target debt-to-equity ratios representing the median historical five year capital structure for each entity from the Peer Group.

The discount rate in functional currency of a CGU is adjusted for the long-term inflation forecast of the respective country in which the business operates, as well as the applicable country's risk premium.

	Discount rate (local currency)		
	2023	**2022**	**2021**
Pakistan	19.6 %	19.5 %	14.7 %
Bangladesh**	13.9 %	14.6 %	— %
Kazakhstan	12.9 %	13.8 %	9.4 %
Kyrgyzstan*	17.0 %	19.0 %	— %
Uzbekistan	14.7 %	15.8 %	11.8 %
Ukraine**	20.8 %	21.7 %	— %

** In 2021, VEON fully impaired the carrying value of all operating assets of Kyrgyzstan, therefore discount rate was not determined*
*** In 2021, no impairment losses were recorded or reversed for Bangladesh and Ukraine CGU's, therefore discount rates were not disclosed*

Revenue growth rates

The revenue growth rates during the forecast period vary based on numerous factors, including size of market, GDP (Gross Domestic Product), foreign currency projections, traffic growth, market share and others. A long-term growth rate in perpetuity is estimated based on a percentage that is lower than or equal to the country long-term inflation forecast, depending on the CGU.

	Average annual revenue growth rate during forecast period[1]			Terminal growth rate		
	2023	2022	2021	2023	2022	2021
Pakistan	16.5 %	12.0 %	4.8 %	4.0 %	4.0 %	5.5 %
Bangladesh	12.9 %	12.6 %	— %	3.5 %	3.5 %	— %
Kazakhstan	13.2 %	12.3 %	3.6 %	1.0 %	1.0 %	1.0 %
Kyrgyzstan	11.8 %	11.4 %	— %	3.0 %	3.0 %	— %
Uzbekistan	22.3 %	19.3 %	3.7 %	2.5 %	2.5 %	3.0 %
Ukraine	8.8 %	8.6 %	— %	1.0 %	1.0 %	— %

[1]The forecast period is the explicit forecast period of five years: for 2023 being 2024-2028 with terminal period in 2029; for comparative period 2022 being 2023-2027 with terminal period in 2028; for comparative period 2021 the rates were revised to conform the calculation being 2022-2026 and terminal period in 2027.

Operating margin

The Company estimates operating margin on a pre-IFRS 16 basis (including lease expenses/payments), divided by Total Operating Revenue for each CGU and each future year. The forecasted operating margin is based on the budget and forecast calculations and assumes cost optimization initiatives which are part of on-going operations, as well as regulatory and technological changes known to date, such as telecommunication license issues and price regulation, among others. Segment information in Note 2 is post-IFRS 16.

	Average operating margin during the forecast period [1]			Terminal period operating margin		
	2023	2022	2021	2023	2022	2021
Pakistan	43.6 %	40.9 %	43.6 %	40.0 %	40.0 %	42.0 %
Bangladesh	30.7 %	32.6 %	— %	33.5 %	36.3 %	— %
Kazakhstan	49.5 %	49.2 %	48.9 %	45.0 %	45.0 %	47.0 %
Kyrgyzstan	36.2 %	36.7 %	— %	33.5 %	33.7 %	— %
Uzbekistan	40.0 %	43.6 %	40.9 %	40.0 %	41.0 %	34.0 %
Ukraine	51.8 %	51.2 %	— %	50.0 %	50.0 %	— %

[1]The forecast period is the explicit forecast period of five years: for 2023 being 2024-2028 with terminal period in 2029; for comparative period 2022 being 2023-2027 with terminal period in 2028; for comparative period 2021 the rates were revised to conform the calculation being 2022-2026 and terminal period in 2027.

CAPEX

CAPEX is defined as purchases of property and equipment and intangible assets excluding licenses, goodwill and right-of-use assets. The cash flow forecasts for capital expenditures are based on the budget and forecast calculations and include the network roll-outs plans and license requirements.

The cash flow forecasts for license and spectrum payments for each operating company for the initial five years include amounts for expected renewals and newly available spectrum. Beyond that period, a long-run cost related to spectrum and license payments is assumed. Payments for right-of-use assets are considered in the operating margin as described above.

	Average CAPEX as a percentage of revenue during the forecast period[1]			Terminal period[1] CAPEX as a percentage of revenue		
	2023	2022	2021	2023	2022	2021
Pakistan	11.3 %	15.8 %	22.0 %	14.0 %	16.0 %	20.0 %
Bangladesh	17.6 %	18.0 %	— %	17.0 %	17.0 %	— %
Kazakhstan	16.0 %	18.6 %	20.0 %	17.5 %	18.5 %	20.0 %
Kyrgyzstan	17.7 %	20.1 %	— %	21.0 %	23.0 %	— %
Uzbekistan	22.1 %	18.0 %	20.2 %	20.0 %	20.0 %	21.0 %
Ukraine	19.1 %	18.9 %	— %	20.0 %	20.0 %	— %

[1]The forecast period is the explicit forecast period of five years: for 2023 being 2024-2028 with terminal period in 2029; for comparative period 2022 being 2023-2027 with terminal period in 2028; for comparative period 2021 the rates were revised to conform the calculation being 2022-2026 and terminal period in 2027.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

The following table pertains to the reversals of impairment recognized in 2022 and illustrates the potential change in reversal of impairment for the Bangladesh and Kyrgyzstan CGUs 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 change the amount of impairment reversal approximately proportionally.

	Bangladesh		Kyrgyzstan	
Sensitivity analysis	**Assumption used ***	**+/- 1.0 pp**	**Assumption used ***	**+/- 1.0 pp**
Discount rate	**14.6 %**	**15.6 %**	**19.0 %**	**20.0 %**
Change in key assumption	— p.p	1.0 p.p	— p.p	1.0 p.p
Decrease in headroom	—	*(42)*	—	—
Average annual revenue growth rate	**11.1 %**	**10.1 %**	**10.0 %**	**9.0 %**
Change in key assumption	— pp	(1.0) pp	— pp	(1.0) pp
Decrease in headroom	—	*(26)*	—	*(1)*
Average operating margin	**33.2 %**	**32.2 %**	**36.2 %**	**35.2 %**
Change in key assumption	— pp	(1.0) pp	— pp	(1.0) pp
Decrease in headroom	—	*(40)*	—	*(4)*
Average CAPEX / revenue**	**17.8 %**	**18.8 %**	**20.6 %**	**21.6 %**
Change in key assumption	— pp	1.0 pp	— pp	1.0 pp
Decrease in headroom	—	*(52)*	—	*(4)*

* *Combined average based on explicit forecast period of five years (2023-2027) and terminal period in 2028 .*
** *CAPEX excludes licenses and ROU assets.*

SOURCE OF ESTIMATION UNCERTAINTY

The Group has significant investments in property and equipment, intangible assets, and goodwill.

Estimating recoverable amounts of assets and CGUs must, in part, be based on management's evaluations, including the determination of the appropriate CGUs, the relevant discount rate, estimation of future performance, the revenue-generating capacity of assets, timing and amount of future purchases of property, equipment, licenses and spectrum, assumptions of future market conditions and the long-term growth rate into perpetuity (terminal value). In doing this, management needs to assume a market participant perspective. Changing the assumptions selected by management, in particular, the discount rate, capex intensity, operating margin and growth rate assumptions used to estimate the recoverable amounts of assets, could significantly impact the Group's impairment evaluation and hence results.

A significant part of the Group's operations is in countries with emerging markets. The political and economic situation in these countries may change rapidly and recession may potentially have a significant impact on these countries. On-going recessionary effects in the world economy, including geopolitical situations and increased macroeconomic risks impact our assessment of cash flow forecasts and the discount rates applied.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share and similar parameters, resulting in differences in operating margins. The future development of operating margins is important in the Group's impairment assessments.

12 PROPERTY AND EQUIPMENT

The following table summarizes the movement in the net book value of property and equipment for the years ended December 31:

Net book value	Telecomm-unications equipment	Land, buildings and constructions	Office and other equipment	Equipment not installed and assets under construction	Right-of-use assets	Total
As of January 1, 2022	**3,860**	**151**	**422**	**451**	**1,833**	**6,717**
Additions	67	7	23	662	526	**1,285**
Disposals	(40)	(1)	(4)	(10)	(15)	**(70)**
Depreciation charge for the year	(382)	(7)	(29)	—	(139)	**(557)**
Divestment and reclassification as held for sale **	(1,991)	(80)	(314)	(235)	(1,393)	**(4,013)**
Impairment	(38)	(2)	(3)	(3)	(8)	**(54)**
Impairment reversal	57	1	3	6	6	**73**
Transfers	528	5	13	(545)	(5)	**(4)**
Modifications of right-of-use assets	—	—	—	—	26	**26**
Translation adjustment	(363)	(13)	(14)	(40)	(125)	**(555)**
As of December 31, 2022	**1,698**	**61**	**97**	**286**	**706**	**2,848**
Additions	79	3	31	438	318	**869**
Disposals	(1)	—	(3)	4	(28)	**(28)**
Depreciation charge for the year	(349)	(6)	(26)	—	(146)	**(527)**
Divestment and reclassification as held for sale	(12)	—	(1)	—	—	**(13)**
Impairment	(3)	—	(3)	(2)	—	**(8)**
Impairment reversal	2	—	—	10	2	**14**
Transfers	456	7	12	(492)	—	**(17)**
Modifications of right-of-use assets	—	—	—	—	29	**29**
Translation adjustment	(182)	(4)	(5)	(18)	(60)	**(269)**
As of December 31, 2023	**1,688**	**61**	**102**	**226**	**821**	**2,898**
Cost	4,585	151	398	240	1,243	**6,617**
Accumulated depreciation and impairment	(2,897)	(90)	(296)	(14)	(422)	**(3,719)**

*** This relates to the classification of Russia as held-for-sale and discontinued operations as explained in Note 10.*

There were no material changes in estimates related to property and equipment in 2023. During 2022, there were impairment reversals for Bangladesh US$(32) and Kyrgyzstan of US$(29) and impairment of equipment as a result of physical damages to sites in Ukraine (US$35) caused by the ongoing war between Russia and Ukraine (refer to Note 11).

During 2023, VEON acquired property and equipment in the amount of US$291 (2022: US$306), which were not paid for as of year-end.

Property and equipment pledged as security for bank borrowings amounts to US$575 as of December 31, 2023 (2022: US$688), and primarily relate to liens securing borrowings of PMCL.

The following table summarizes the movement in the net book value of right-of-use assets (**"ROU"**) for the year ended December 31:

Net book value	**ROU - Telecommunications Equipment**	**ROU - Land, Buildings and Constructions**	**ROU - Office and Other Equipment**	**Total**
As of January 1, 2022	**1,567**	**260**	**6**	**1,833**
Additions	513	13	—	526
Disposals	(12)	(3)	—	(15)
Depreciation charge for the year	(125)	(12)	(2)	(139)
Divestment and reclassification as held for sale	(1,175)	(216)	(2)	(1,393)
Impairment	(8)	—	—	(8)
Impairment reversal	2	4	—	6
Transfers	(4)	(1)	—	(5)
Modifications and reassessments	20	6	—	26
Translation adjustment	(117)	(7)	(1)	(125)
As of December 31, 2022	**661**	**44**	**1**	**706**
Additions	271	32	15	318
Disposals	(25)	(3)	—	(28)
Depreciation charge for the year	(131)	(13)	(2)	(146)
Impairment reversal	2	—	—	2
Transfers	1	(1)	—	—
Modifications and reassessments	25	5	(1)	29
Translation adjustment	(57)	(3)	—	(60)
As of December 31, 2023	**747**	**61**	**13**	**821**
Cost	1,124	101	18	1,243
Accumulated depreciation and impairment	(377)	(40)	(5)	(422)

COMMITMENTS

Capital commitments for the future purchase of equipment are as follows as of December 31:

	2023	**2022**
Less than 1 year	139	272
Total commitments	**139**	**272**

Capital commitments arising from telecommunications licenses

VEON’s ability to generate revenue in the countries it operates is dependent upon the operation of the wireless telecommunications networks authorized under its various licenses for GSM-900/1800, “3G” (UMTS / WCDMA) mobile radiotelephone communications services and “4G” (LTE).

Under the license agreements, operating companies are subject to certain commitments, such as territory or population coverage, level of capital expenditures and number of base stations to be fulfilled within a certain timeframe. If we are found to be involved in practices that do not comply with applicable laws or regulations, we may be exposed to significant fines, the risk of prosecution or the suspension or loss of our licenses, frequency allocations, authorizations or various permissions, any of which could harm our business, financial condition, results of operations or cash flows.

After expiration of the license, our operating companies might be subject to additional payments for renewals, as well as new license capital and other commitments.

ACCOUNTING POLICIES

Property and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful life of VEON's assets generally fall within the following ranges:

Class of property and equipment	Useful life
Telecommunication equipment	3 – 30 years
Buildings and constructions	10 – 50 years
Office and other equipment	2 – 10 years
Right-of-use assets	Equivalent lease term

Each asset’s residual value, useful life and method of depreciation is reviewed at the end of each financial year and adjusted prospectively, if necessary.

Where applicable, the Company has applied sale and leaseback accounting principles, whereas the right-of-use asset arising from the leaseback is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by VEON. Accordingly, VEON recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

SOURCE OF ESTIMATION UNCERTAINTY

Depreciation and amortization of non-current assets

Depreciation and amortization expenses are based on management estimates of useful life, residual value and amortization method of property and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortization or depreciation charges. Technological developments are difficult to predict and our views on the trends and pace of developments may change over time. Some of the assets and technologies in which the Group invested several years ago are still in use and provide the basis for new technologies.

The useful lives of property and equipment and intangible assets are reviewed at least annually, taking into consideration the factors mentioned above and all other relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, historical and expected replacements or transfer of assets and quality of components used. Estimated useful life for right-of-use assets is directly impacted by the equivalent lease term, refer to Note 16 for more information regarding Source of estimation uncertainty for lease terms.

13 INTANGIBLE ASSETS

The following table summarizes the movement in the net book value of intangible assets for the years ended December 31:

Net book value	Telecommunication licenses, frequencies & permissions	Software	Brands and trademarks	Customer relationships	Other intangible assets	Goodwill	Total
As of January 1, 2022	**1,202**	**350**	**14**	**100**	**36**	**1,542**	**3,244**
Additions	526	74	1	2	19	10	**632**
Disposals	(5)	(2)	—	—	—	—	**(7)**
Amortization charge for the year	(139)	(71)	(3)	(8)	—	—	**(221)**
Reclassification as held for sale	(84)	(150)	(2)	(22)	(35)	(1,084)	**(1,377)**
Impairment reversal	75	2	—	—	—	—	**77**
Transfer	—	3	—	—	(3)	—	**—**
Translation adjustment	(241)	(37)	(3)	(18)	(15)	(74)	**(388)**
As of December 31, 2022	**1,334**	**169**	**7**	**54**	**2**	**394**	**1,960**
Additions	4	92	—	—	5	—	**101**
Amortization charge for the year	(131)	(67)	(3)	(6)	(1)	—	**(208)**
Transfer	(1)	7	—	—	(1)	—	**5**
Translation adjustment	(180)	(8)	—	(6)	—	(45)	**(239)**
As of December 31, 2023	**1,026**	**193**	**4**	**42**	**5**	**349**	**1,619**
Cost	1,941	645	165	290	15	1,298	**4,354**
Accumulated amortization and impairment	(915)	(452)	(161)	(248)	(10)	(949)	**(2,735)**

During 2023, there were no material changes in estimates related to intangible assets. During 2022 a reversal of impairment as described in Note 11 of US$(77) was recognized.

During 2023, VEON acquired intangible assets in the amount of US$33 (2022: US$266), which were not yet paid for as of year-end.

GOODWILL

During the year, the movement in goodwill for the Group, per CGU, consisted of the following:

CGU*	December 31, 2023	Translation adjustment	December 31, 2022
Pakistan	179	(44)	223
Kazakhstan	129	2	127
Ukraine	10	—	10
Uzbekistan	31	(3)	34
Total	**349**	**(45)**	**394**

** There is no goodwill allocated to the CGUs of Bangladesh, or Kyrgyzstan.*

CGU*	December 31, 2022	Translation adjustment	Addition	Reclassification as held for sale	December 31, 2021
Russia	—	—	—	(1,084)	1,084
Pakistan	223	(64)	—	—	287
Kazakhstan	127	(9)	—	—	136
Ukraine	10	—	10	—	—
Uzbekistan	34	(1)	—	—	35
Total	**394**	**(74)**	**10**	**(1,084)**	**1,542**

** There is no goodwill allocated to the CGUs of Bangladesh or Kyrgyzstan*

COMMITMENTS

Capital commitments for the future purchase of intangible assets are as follows as of December 31:

	2023	2022
Less than 1 year	9	13
Total commitments	**9**	**13**

ACCOUNTING POLICIES

Intangible assets acquired separately are carried at cost less accumulated amortization and impairment losses.

Intangible assets with a finite useful life are generally amortized with the straight-line method over the estimated useful life of the intangible asset. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least annually and fall within the following ranges:

Class of intangible asset	Useful life
Telecommunications licenses, frequencies and permissions	3 - 20 years
Software	3 - 10 years
Brands and trademarks	3 - 15 years
Customer relationships	10 - 21 years
Other intangible assets	4 - 10 years

Goodwill is recognized for the future economic benefits arising from net assets acquired that are not individually identified and separately recognized. Goodwill is not amortized but is tested for impairment annually and as necessary when circumstances indicate that the carrying value may be impaired. See Note 11 for further details.

SOURCE OF ESTIMATION UNCERTAINTY

Refer also to Note 12 for further details regarding source of estimation uncertainty.

Depreciation and amortization of non-current assets

Estimates in the evaluation of useful lives for intangible assets include, but are not limited to, the estimated average customer relationship based on churn, the remaining license or concession period and the expected developments in technology and markets.

The actual economic lives of intangible assets may be different than estimated useful lives, thereby resulting in a different carrying value of intangible assets with finite lives. We continue to evaluate the amortization period for intangible assets with finite lives to determine whether events or circumstances warrant revised amortization periods. A change in estimated useful lives is a change in accounting estimate, and depreciation and amortization charges are adjusted prospectively.

14 INVESTMENTS IN SUBSIDIARIES

The Company held investments in material subsidiaries for the years ended December 31 as detailed in the table below. The equity interest presented represents the economic rights available to the Company.

Name of significant subsidiary	Country of incorporation	Nature of subsidiary	Equity interest held by the Group 2023	Equity interest held by the Group 2022
VEON Amsterdam B.V.	Netherlands	Holding	100.0 %	100.0 %
VEON Holdings B.V.	Netherlands	Holding	100.0 %	100.0 %
PJSC VimpelCom*	Russia	Operating	— %	100.0 %
JSC "Kyivstar"	Ukraine	Operating	100.0 %	100.0 %
LLP "KaR-Tel"	Kazakhstan	Operating	75.0 %	75.0 %
LLC "Unitel"	Uzbekistan	Operating	100.0 %	100.0 %
VEON Finance Ireland Designated Activity Company	Ireland	Holding	100.0 %	100.0 %
LLC "Sky Mobile"	Kyrgyzstan	Operating	50.1 %	50.1 %
VEON Luxembourg Holdings S.à r.l.	Luxembourg	Holding	100.0 %	100.0 %
VEON Luxembourg Finance Holdings S.à r.l.	Luxembourg	Holding	100.0 %	100.0 %
VEON Luxembourg Finance S.A.	Luxembourg	Holding	100.0 %	100.0 %
Global Telecom Holding S.A.E	Egypt	Holding	99.6 %	99.6 %
Pakistan Mobile Communications Limited	Pakistan	Operating	100.0 %	100.0 %
Banglalink Digital Communications Limited	Bangladesh	Operating	100.0 %	100.0 %

* Until the date of sale of Russia on October 9, 2023, the Group had concluded that it controls VimpelCom, see 'Significant accounting judgements' below for further details.

** Based on the development with respect to the freezing of VEON's corporate rights in Kyivstar as discussed in Note 1, VEON assessed whether the court order and subsequent motions result in an event that VEON has lost control over Kyivstar and concluded that, under the requirements of relevant reporting standards, VEON continues to control Kyivstar and as such, will continue to consolidate Kyivstar in these financial statements.

Certain of the Group's subsidiaries are subject to restrictions that impact their ability to distribute dividends. For example, the Group faces certain restrictions from paying dividends where it is subject to withholding tax, primarily in Pakistan, Kazakhstan and Uzbekistan. The total amount of dividend restrictions amounts to US$254 (2022: US$229).

MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests (**"NCIs"**) is provided below:

Name of significant subsidiary	Equity interest held by NCIs 2023	Equity interest held by NCIs 2022	Book values of material NCIs 2023	Book values of material NCIs 2022	Profit / (loss) attributable to material NCIs 2023	Profit / (loss) attributable to material NCIs 2022
LLP "KaR-Tel" (**"KaR-Tel"**)	25.0 %	25.0 %	94	85	50	31
Omnium Telecom Algérie S.p.A. ("OTA")	— %	— %	—	—	—	21

The summarized financial information of these subsidiaries before intercompany eliminations for the years ended December 31 is detailed below.

Summarized income statement

	KaR-Tel		
	2023	**2022**	**2021**
Operating revenue	692	571	529
Operating expenses	(423)	(403)	(370)
Other (expenses) / income	(11)	(12)	(9)
Profit / (loss) before tax	258	156	150
Income tax expense	(57)	(33)	(32)
Profit / (loss) for the year	**201**	**123**	**118**
Total comprehensive income / (loss)	**201**	**123**	**118**
Attributed to NCIs	50	31	29

Summarized statement of financial position

	KaR-Tel	
	2023	**2022**
Property and equipment	455	327
Intangible assets	188	178
Other non-current assets	37	39
Trade and other receivables	39	34
Cash and cash equivalents	68	43
Other current assets	24	27
Debt and derivatives	(210)	(97)
Provisions	(10)	(9)
Other liabilities	(216)	(204)
Total equity	**375**	**338**
Attributed to:		
Equity holders of the parent	281	253
Non-controlling interests	94	85

Summarized statement of cash flows

	KaR-Tel		
	2023	**2022**	**2021**
Net operating cash flows	308	243	231
Net investing cash flows	(117)	(127)	(106)
Net financing cash flows	(166)	(117)	(114)
Net foreign exchange difference	—	(3)	(1)
Net increase / (decrease) in cash equivalents	**25**	**(4)**	**10**

SIGNIFICANT ACCOUNTING JUDGEMENTS

Control over subsidiaries

Subsidiaries, which are those entities over which the Company is deemed to have control, are consolidated. In certain circumstances, significant judgement is required to assess if the Company is deemed to have control over entities where the Company's ownership interest does not exceed 50%.

FINANCING ACTIVITIES OF THE GROUP

15 OTHER NON-OPERATING GAIN / (LOSS), NET

Other non-operating gains / (losses), net consisted of the following for the years ended December 31:

	2023	2022	2021*
Ineffective portion of hedging activities	—	—	3
Change of fair value of other derivatives	(1)	10	(4)
Gain from money market funds	75	29	7
Loss from other financial assets	(48)	—	—
Other (losses) / gains	(6)	(30)	20
Other non-operating gain / (loss), net	**20**	**9**	**26**

**Prior year comparative for the year ended December 31, 2021 is adjusted following the classification of Russia as a discontinued operation (see Note 10).*

Included in ‘Other gains / (losses)’ in 2021 is a gain of US$21 related to the fair value adjustment of Shop-up and a US$3 write off of certain payables.

The Loss from other financial assets relates to impairment of receivable with respect to repurchase of VEON Holdings debt. Refer to Note 16.

16 INVESTMENTS, DEBT AND DERIVATIVES

INVESTMENTS AND DERIVATIVES

The Company holds the following investments and derivatives assets as of December 31:

	Carrying value	
	2023	**2022**
At fair value		
Other investments	41	58
	41	**58**
At amortized cost		
Security deposits and cash collateral	103	63
Bank deposits	3	—
Other investments	339	70
	445	**133**
Total investments and derivatives	**486**	**191**
Non-current	53	71
Current	433	120

Security deposits and cash collateral

Security deposits and cash collateral at amortized cost mainly consist of restricted bank deposits of US$39 (2022: US$49) and restricted cash of US$57 (2022: US$7) at our banking operations in Pakistan and our operating company in Ukraine, respectively.

Other Investments

Other investments at fair value are measured at fair value through other comprehensive income and relate to investments held in Pakistan US$11 (2022: US$21) and Bangladesh US$30 (2022: US$37).

Other investments at amortized cost include a US$64 (2022: US$54) loan granted by VIP Kazakhstan Holdings to minority shareholder Crowell Investments Limited, US$150 (2022: Nil) sovereign bonds held by our operating company in Ukraine, US$72 (2022: Nil) deferred receivable from sale of Russia and US$26 (2022: Nil) short term lending at our banking operations in Pakistan.

DEBT AND DERIVATIVES

The Company holds the following outstanding debt and derivatives liabilities as of December 31:

	Carrying value	
	2023	**2022**
At fair value		
Derivatives not designated as hedges	1	—
	1	—
At amortized cost		
Borrowing, of which	3,708	6,670
i) Principal amount outstanding	3,560	6,670
ii) Other Borrowings	148	—
Interest accrued	83	102
Discounts, unamortized fees, hedge basis adjustment	(6)	(8)
Bank loans and bonds	3,785	6,764
Lease liabilities	977	806
Other financial liabilities	393	610
	5,155	**8,180**
Total debt and derivatives	**5,156**	**8,180**
Non-current	3,464	5,336
Current	1,692	2,844

Other borrowings includes long-term capex accounts payables US$88 (2022: Nil), deferred consideration of US$72 (2022: Nil) related to the sale of Russian operations and its related foreign currency exchange gain of US$12 (2022: Nil).

Bank loans and bonds

The Company had the following principal amounts outstanding for interest-bearing loans and bonds at December 31:

Borrower	Type of debt	Guarantor	Currency	Interest rate	Maturity	Principal amount outstanding 2023	2022
VEON Holdings B.V.	Notes	None	USD	5.95%	2023	—	529
VEON Holdings B.V.	Revolving Credit Facility	None	USD	SOFR + 1.50%	2024	692	692
VEON Holdings B.V.	Notes	None	USD	7.25%	2023	—	700
VEON Holdings B.V.	Revolving Credit Facility	None	USD	SOFR + 1.50%	2024	363	363
VEON Holdings B.V.	Notes	None	USD	4.95%	2024	—	533
VEON Holdings B.V.	Notes	None	USD	4.00%	2025	556	1,000
VEON Holdings B.V.	Notes	None	RUB	6.30%	2025	102	284
VEON Holdings B.V.	Notes	None	RUB	6.50%	2025	37	143
VEON Holdings B.V.	Notes	None	RUB	8.13%	2026	15	284
VEON Holdings B.V.	Notes	None	USD	3.38%	2027	1,093	1,250
PMCL	Loan	None	PKR	6M KIBOR + 0.55%	2026	128	212
PMCL	Loan	None	PKR	6M KIBOR + 0.55%	2028	53	66
PMCL	Loan	None	PKR	3M KIBOR + 0.60%	2031	178	221
PMCL	Loan	None	PKR	6M KIBOR +0.60%	2032	142	132
PJSC Kyivstar	Loan	None	UAH	10.15% to 11.00%	2023-2025	—	59
Banglalink	Loan	None	BDT	Average bank deposit rate + 4.25%	2027	81	110
Banglalink	Loan	None	BDT	7.00% to 12.00%	2028	46	—
KaR-Tel	Loan	None	KZT	17.75% - 18.50%	2026	22	—
Unitel LLC	Loan	None	UZS	20%	2025	12	—
	Other bank loans and bonds					187	92
	Total bank loans and bonds					**3,707**	**6,670**

SIGNIFICANT CHANGES IN DEBT AND DERIVATIVES

Reconciliation of cash flows from financing activities

	Bank loans and bonds	Lease liabilities	Total
Balance as of January 1, 2022	**7,666**	**2,667**	**10,333**
Cash flows			
Proceeds from borrowings, net of fees paid	2,087	—	**2,087**
Repayment of debt	(1,479)	(140)	**(1,619)**
Interest paid	(419)	(70)	**(489)**
Non-cash movements			
Interest and fee accruals	400	64	**464**
Lease additions, disposals, impairment and modifications	—	583	**583**
Held for sale	(10)	(2,134)	**(2,144)**
Foreign currency translation	(416)	(155)	**(571)**
Reclassification related to bank loans and bonds	(1,064)	—	**(1,064)**
Other non-cash movements	(1)	(9)	**(10)**
Balance as of December 31, 2022	**6,764**	**806**	**7,570**
Cash flows			
Proceeds from borrowings, net of fees paid	194	—	**194**
Repayment of debt	(964)	(147)	**(1,111)**
Interest paid	(370)	(119)	**(489)**
Non-cash movements			
Interest and fee accruals	355	112	**467**
Lease additions, disposals, impairment and modifications	171	430	**601**
Foreign currency translation	(276)	(77)	**(353)**
Reclassification related to bank loans and bonds *	(2,064)	—	**(2,064)**
Other non-cash movements	(25)	(28)	**(53)**
Balance as of December 31, 2023	**3,785**	**977**	**4,762**

**This primarily relates to the purchase of VEON group debt, refer to discussion below.*

FINANCING ACTIVITIES 2023

VEON's Scheme of arrangement

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 5.95% notes due February 2023 and 7.25% notes due April 2023), 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 had 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 2023 Put Option. The aggregate put option premium paid was US$9. The 2023 Put Option was settled on April 26, 2023. The remaining October 2023 notes were repaid at maturity including an amendment fee of US$1. The notes maturing in December 2023 were called earlier and repaid on September 27, 2023, including an amendment fee of US$1. For further details, refer to further discussion in Note 16.

Purchase of VEON Group Debt

During the year ended December 31, 2023, VimpelCom independently purchased US$2,140 equivalent of VEON Holdings B.V. Notes in order to satisfy certain Russian regulatory obligations. Upon such purchase by VimpelCom, these Notes were reclassified to intercompany debt with an equivalent reduction in gross debt for VEON Group. Out of these Notes, US$1,576 equivalent Notes were offset against the purchase price and any notes outstanding at closing were transferred to a wholly owned subsidiary of VEON Holdings B.V. and US$406 equivalent Notes were settled at maturity, while US$72 equivalent of VEON Holding B.V. Notes were held by VimpelCom as deferred consideration pending the receipt of an amended OFAC license. Upon receipt of the license, these remaining US$72 equivalent Notes were transferred to the wholly owned subsidiary of VEON Holdings B.V. to offset the remaining deferred purchase price for VimpelCom. This was completed early July 2024. As of December 31, 2023, US$1,005 of the notes transferred to Unitel LLC (wholly owned subsidiary) remained outstanding.

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

On April 20, 2023, and May 30, 2023, the outstanding amounts under our RCF facility were rolled over until October 2023 for US$692 and November 2023 for US$363. These outstanding amounts were further rolled over until January 2024 for US$692 and February 2024 for US$363. We subsequently repaid and canceled our RCF facility in March 2024.

Ukraine prepayment

In 2023, Kyivstar fully prepaid all of its remaining 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).

Pakistan Mobile Communication Limited ("PMCL") syndicated credit facility

PMCL fully utilized the remaining PKR 10 billion (US$41) under its existing PKR 40 billion (US$164) facility through drawdowns in January and April 2023.

Banglalink Digital Communications Ltd. ("BDCL") syndicated credit facility

BDCL utilized BDT 5 billion (US$45) out of new syndicated credit facility of BDT 8 billion (US$73) during November 2023. The tenor of the facility is five years.

KaR-Tel Limited Liability Partnership credit facility

KaR-Tel Limited Liability Partnership ("KaR-Tel") utilized KZT 9.8 billion (US$22) from the bilateral credit facility with ForteBank JSC during the period of September to December 2023. Through a deed of amendment signed in February 2024, the maturity of the facility was extended to November 2026 and facility amount enhanced to KZT 15 billion from KZT 10 billion.

Repayment of VEON Holdings 5.95% Senior Notes

On October 13, 2023 VEON Holdings repaid its outstanding 5.95% Senior Notes amounting to US$39 at their maturity date.

Early redemption of VEON Holdings 2023 and 2024 Notes

On September 13, 2023, VEON issued two redemption notices for the early repayment of VEON Holdings B.V.'s bonds maturing in December 2023 and June 2024. On September 27, 2023 VEON redeemed US$243 senior notes held by external noteholders and on October 04, 2023 redeemed US$406 senior notes held by VimpelCom.

FINANCING ACTIVITIES 2022

VEON US$ bond repayment

In February 2022, VEON Holdings B.V. repaid its 7.50% Notes 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 VimpelCom. In March 2022, VEON Finance Ireland DAC prepaid its RUB 30 billion (US$259) term loan facility with VTB Bank in accordance with its terms, and the facility was canceled.

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 of which US$250 will mature at the original maturity in March 2024 and US$805 will mature in March 2025.

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 the respective final maturities.

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 canceled 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 2022 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. The remaining US$82 was received in November. The RCF was fully drawn at year-end with US$1,055 outstanding. The outstanding amounts have been rolled-over until April, US$692, and May, US$363, 2023. Subject to the terms set out in the RCF, these amounts can be rolled until the respective final maturities.

PMCL syndicated credit facility

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

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).

VEON Finance Ireland DAC Rub debt novation to VimpelCom

In April 2022, VEON Finance Ireland 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 VimpelCom, resulting in the former borrower, VEON Finance Ireland DAC, and the former guarantor, VEON Holdings B.V., having been released from their obligations. VEON recorded the interest expense related to these loans prior to the novation in VEON Finance Ireland DAC which is included within continuing operations. Given that the novation of these loans predated and was independent of the sale of our Russian discontinued operations, VEON deemed it appropriate not to reclassify the interest on these loans prior to the novation date to discontinued operations.

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 syndicated loan which was partially used to fully repay its existing loan of BDT 3 billion (US$38).

In July, August and September 2022, Banglalink fully utilized the remaining BDT 3 billion (US$32) under its BDT syndicated loan facility.

Kyivstar prepays debt

In March, April, May and June 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)).

PMCL Bank Guarantee

In March 2022, PMCL issued a bank guarantee of US$30 in favor of Pakistan Telecommunication Authority related to late payment of Warid license fee.

FINANCING ACTIVITIES 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 entered into a US$1,250 multi-currency revolving credit facility agreement

In March 2021, VEON successfully entered into the RCF. The RCF replaced the revolving credit facility signed in February 2017. The RCF has an initial tenor of three years, with VEON having the right to request two-one year extensions, subject to lender consent.

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 a 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 had a five years term. In April 2021, the proceeds from Alfa Bank's new tranche of RUB15 billion (US$198) were used to early repay RUB 15 billion (US$198) of loans from Sberbank, originally maturing in June 2023.

PMCL secures syndicated credit facility

In June 2021, PMCL secured a PKR 50 billion (US$320) syndicated credit facility from a banking consortium led by Habib Bank Limited. This ten years facility is used to finance the company's ongoing 4G network rollouts and technology upgrades, as well as to address upcoming maturities.

Global Medium Term Note Program

In September 2021, VEON Holdings B.V. issued senior unsecured notes of RUB 20 billion (US$273), maturing in September 2026. The notes were issued under its existing Global Medium Term Note Program with a Program limit of US$6.5 billion, or the equivalent thereof in other currencies. The proceeds were used for early repayment of RUB 20 billion (US$273) of outstanding loans to Sberbank that were originally maturing in June 2023.

Loan agreement Alfa Bank

In December 2021, VEON Finance Ireland Designated Activity Company signed a RUB 45 billion (US$612) Term Facilities Agreement with Alfa Bank which includes a RUB 30 billion (US$408) fixed rate tranche and a RUB 15 billion (US$204) floating rate tranche, both with a maturity date of December 2026. The facilities were guaranteed by VEON Holdings B.V. The proceeds from the Alfa Bank facilities have been used to finance intercompany loans to VimpelCom.

Loan agreement Sberbank

In December 2021, VEON Finance Ireland Designated Activity Company signed a RUB 45 billion (US$611) Term Facility Agreement with Sberbank with a floating rate. The maturity date of the facility was December 2026, and it was guaranteed by VEON Holdings B.V. The proceeds from the Sberbank facility were used to finance an intercompany loan to VimpelCom.

Alfa Bank loans repayment

In December 2021, VEON Holdings B.V. repaid RUB 45 billion (US$611) of outstanding loans to Alfa Bank, comprising of a RUB 30 billion loan (US$407) originally maturing in March 2025 and a RUB 15 billion (US$204) loan originally maturing in March 2026.

Sberbank loans repayment

In December 2021, VEON Holdings B.V. repaid RUB 45 billion (US$612) of outstanding loans to Sberbank, comprising of a RUB 15 billion (US$204) loan originally maturing in June 2023 and a RUB 30 billion (US$408) loan originally maturing in June 2024.

FAIR VALUES

As of December 31, 2023, the carrying amounts of all financial assets and liabilities are equal to or approximate their respective fair values as shown in the table at the beginning of this *Note 16*, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which the fair value is equal to US$3,333 (2022: US$5,847); and
- 'Lease liabilities', for which fair value has not been determined.

As of December 31, 2023 and December 31, 2022, all of the Group's financial instruments carried at fair value in the statement of financial position were measured based on Level 2 inputs, except for the Contingent consideration, for which fair value is classified as Level 3.

All movements in Contingent consideration in the years ended December 31, 2023 and 2022 relate to changes in fair value, which are unrealized, and are recorded in “Other non-operating gain / (loss), net” within the consolidated income statement.

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 input parameters when assessing the fair valuations. During the years ended December 31, 2023 and 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements with the exception in 2022 of our RUB denominated bonds for which quoted market prices were not available due to the ongoing war between Russia and Ukraine.

Impact of hedge accounting on equity

The below table sets out the reconciliation of each component of equity and the analysis of other comprehensive income (all of which are attributable to the equity owners of the parent):

	Foreign currency translation reserve
As of January 1, 2022	**(8,933)**
Foreign currency revaluation of the foreign operations	125
As of December 31, 2022	**(8,808)**
Transfer from OCI to income statement on disposal of subsidiary	3,384
Reclassification of net investment hedge	30
Other comprehensive (loss)	(596)
As of December 31, 2023	**(5,990)**

Put options over non-controlling interest

Put options over non-controlling interest of a subsidiary are accounted for as financial liabilities in the Company's consolidated financial statements. The put-option redemption liability is measured at the discounted redemption amount. Interest over the put-option redemption liability will accrue in line with the effective interest rate method, until the options have been exercised or are expired.

Derivative contracts

VEON enters into derivative contracts, including swaps and forward contracts, to manage certain foreign currency and interest rate exposures when necessary and available. Any derivative instruments for which no hedge accounting is applied are recorded at fair value with any fair value changes recognized directly in profit or loss. Although some of the derivatives entered into by the Company have not been designated in hedge accounting relationships, they act as economic hedges and offset the underlying transactions when they occur. There have been no derivatives in hedge accounting relationships during 2023.

Hedges of a net investment

The Company applies net investment hedge accounting to mitigate foreign currency translation risk related to the Company's investments in foreign operations. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income within the "Foreign currency translation" line item. Where the hedging instrument's foreign currency retranslation is greater (in absolute terms) than that of the hedged item, the excess amount is recorded in profit or loss as ineffectiveness. The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment on the disposal or partial disposal of the foreign operation. Cash flows arising from derivative instruments for which hedge accounting is applied are reported in the statement of cash flows within the line item where the underlying cash flows of the hedged item are recorded.

Fair value of financial instruments

All financial assets and liabilities are measured at amortized cost, except those which are measured at fair value as presented within this *Note 16*.

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including discounted cash flows models. The inputs to these models are taken from observable markets, but when this is not possible, a degree of judgement is required in establishing fair values. The judgements include considerations regarding inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Measurement of lease liabilities

Lease liabilities are measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the country specific incremental borrowing rate as the rate implicit in the lease is generally not available. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

A significant portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between VEON and the lessor, or lease contracts which are cancellable by the Company immediately or on short notice. The Company includes these cancellable future lease periods within the assessed lease term, which increases the future lease payments used in determining the lease liability upon initial recognition, except when it is not reasonably certain at the commencement of the lease that these will be exercised.

The Company continuously assesses whether a revision of lease terms is required due to a change in management judgement regarding, for example, the exercise of extension and/or termination options. When determining whether an extension option is not reasonably certain to be exercised, VEON considers all relevant facts and circumstances that creates an economic incentive to exercise the extension option, or not to exercise a termination option, such as strategic plans, future technology changes, and various economic costs and penalties.

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are comprised of cash at bank and on hand and highly liquid investments that are readily convertible to known amounts of cash, are subject to only an insignificant risk of changes in value and have an original maturity of less than three months.

Cash and cash equivalents consisted of the following items as of December 31:

	2023	2022
Cash and cash equivalents at banks and on hand	448	928
Cash equivalents with original maturity of less than three months	1,454	2,179
Cash and cash equivalents, as presented in the consolidated statement of cash flows*	**1,902**	**3,107**

* Cash and cash equivalents include an amount of US$165 relating to banking operations in Pakistan, which does not include customer deposits that are part of 'Trade and other payables' of US$426.

Cash at banks earns interest based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The imposition of currency exchange controls or other similar restrictions on currency convertibility in the countries in which VEON operates could limit VEON's ability to convert local currencies or repatriate local cash in a timely manner or at all, as well as remit dividends from the respective countries. As of December 31, 2023, US$151(2022: US$125) of cash at the level of Ukraine was subject to currency restrictions that limited ability to upstream the cash or make certain payments outside the country, but these balances are otherwise freely available to the Ukrainian operations.

Cash balances include investments in money market funds of US$1,175 (2022: US$1,950), which are carried at fair value through profit or loss with gains presented within 'Other non-operating gain / (loss)' within the consolidated income statement.

The overdrawn accounts are presented as debt and derivatives within the statement of financial position. At the same time, because the overdrawn accounts are part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows. Refer to Note 24 for further discussion on the Company's liquidity position.

18 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities consist of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, cash and short-term deposits that are derived directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors manages these risks with support of the treasury function, who proposes the appropriate financial risk governance framework for the Group, identifies and measures financial risks and suggests mitigating actions. The Company's Board of Directors, approves the financial risk management framework and oversees its enforcement.

INTEREST RATE RISK

The Company is exposed to the risk of changes in market interest rates primarily due to its long-term debt obligations. The Company manages its interest rate risk exposure through a portfolio of fixed and variable rate borrowings.

As of December 31, 2023, approximately 54% of the Company's borrowings are at a fixed rate of interest (2022: 72%).

The Group is exposed to possible changes in interest rates on variable interest loans and borrowings, partially mitigated through cash and cash equivalents and current deposits. With all other variables held constant, the Company's profit before tax is affected through changes in the floating rate of borrowings while the Company's equity is affected through the impact of a parallel shift of the yield curve on the fair value of hedging derivatives. An increase or decrease of 100 basis points in interest rates would have an immaterial impact on the Company's income statement and other comprehensive income.

FOREIGN CURRENCY RISK

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the debt denominated in currencies other than the functional currency of the relevant entity, the Company's operating activities (predominantly capital expenditures at subsidiary level denominated in a different currency from the subsidiary's functional currency) and the Company's net investments in foreign subsidiaries.

The Company manages its foreign currency risk by selectively hedging committed exposures.

The Company 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. During the periods covered by these financial statements, the Company used foreign exchange forwards to mitigate foreign currency risk.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a possible change in exchange rates against the U.S. dollar with all other variables held constant. Additional sensitivity changes to the indicated currencies are expected to be approximately proportionate. The table shows the effect on the Company's profit before tax (due to changes in the value of monetary assets and liabilities, including foreign currency derivatives). The Company's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit / (loss) before tax	
Change in foreign exchange rate against US$	10% depreciation	10% appreciation
2023		
Russian Ruble	14	(16)
Bangladeshi Taka	(30)	33
Pakistani Rupee	(13)	15
Ukrainian Hryvnia	(2)	2
Other currencies (net)	(3)	3
2022		
Russian Ruble	(5)	6
Bangladeshi Taka	(34)	37
Pakistani Rupee	(15)	17
Ukrainian Hryvnia	(1)	1
Other currencies (net)	(1)	1

CREDIT RISK

The Company is exposed to credit risk from its operating activities (primarily from trade receivables), and from its treasury activities, including deposits with banks and financial institutions, derivative financial instruments and other financial instruments. See Note 17 for further information on restrictions on cash balances.

Trade receivables consist of amounts due from customers for airtime usage and amounts due from dealers and customers for equipment sales. VEON’s credit risk arising from the services the Company provides to customers is mitigated to a large extent due to the majority of its active customers being subscribed to a prepaid service as of December 31, 2023 and 2022, and accordingly not giving rise to credit risk. For postpaid services, in certain circumstances, VEON requires deposits as collateral for airtime usage. Equipment sales are typically paid in advance of delivery, except for equipment sold to dealers on credit terms.

VEON’s credit risk arising from its trade receivables from dealers is mitigated due to the risk being spread across a large number of dealers. Management periodically reviews the history of payments and credit worthiness of the dealers. The Company also has receivables from other local and international operators from interconnect and roaming services provided to their customers, as well as receivables from customers using fixed-line services, such as business services, wholesale services and services to residents. Receivables from other operators for roaming services are settled through clearing houses, which helps to mitigate credit risk in this regard.

VEON holds available cash in bank accounts, as well as other financial assets with financial institutions in countries where it operates. To manage credit risk associated with such asset holdings, VEON allocates its available cash to a variety of local banks and local affiliates of international banks within the limits set forth by its treasury policy. Management periodically reviews the creditworthiness of the banks with which it holds assets. In respect of financial instruments used by the Company’s treasury function, the aggregate credit risk the Group may have with one counterparty is managed by reference to, amongst others, the long-term credit ratings assigned for that counterparty by Moody’s, Fitch Ratings and Standard & Poor’s and CDS spreads of that counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty’s failure. Refer to Note 24 for further details on the Company’s liquidity position.

Value Added Tax (**“VAT”**) is recoverable from tax authorities by offsetting it against VAT payable to the tax authorities on VEON’s revenue or direct cash receipts from the tax authorities. Management periodically reviews the recoverability of the balance of input value added tax and believes it is fully recoverable.

VEON issues advances to a variety of its vendors of property and equipment for its network development. The contractual arrangements with the most significant vendors provide for equipment financing in respect of certain deliveries of equipment. VEON periodically reviews the financial position of vendors and their compliance with the contract terms.

The Company’s maximum exposure to credit risk for the components of the statement of financial position at December 31, 2023 and 2022 is the carrying amount as illustrated in Note 5, Note 16, Note 17 and within this Note 18.

LIQUIDITY RISK

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bonds, bank overdrafts, bank loans and lease contracts. The Company's policy is to create a balanced debt maturity profile. As of December 31, 2023, 32% of the Company's debt (2022: 37%) will mature in less than one year based on the carrying value of bank loans, bonds and other borrowings reflected in the financial statements. The Company has sufficient HQ liquidity to meets its HQ maturities and local market access to address local maturities and on that basis. The Company has taken this into considerations when it assessed the concentration of risk with respect to refinancing its debt and concluded it to be low except for the additional risks identified in Note 24.

Available facilities

The Company had the following available facilities as of December 31:

	Amounts in millions of transactional currency				US$ equivalent amounts		
	Final availability period	Facility amount	Utilized	Available	Facility amount	Utilized	Available
2023							
KaR-Tel LLP - Term Facility	Nov 2026	KZT 15,000	KZT 9,800	KZT 5,200	33	22	11
Banglalink Digital Communications Ltd - Term Facility	May 2024	BDT 8,000	BDT 5,000	BDT 3,000	73	46	27

	Amounts in millions of transactional currency				US$ equivalent amounts		
	Final availability period	Facility amount	Utilized	Available	Facility amount	Utilized	Available
2022							
PMCL - Term Facility	Apr 2023	PKR 40,000	PKR 30,000	PKR 10,000	176	132	44

**During 2022, Revolving credit facility amount reduced to US$1,055.*

Maturity profile

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Payments related to variable interest rate financial liabilities and derivatives are included based on the interest rates and foreign currency exchange rates applicable as of December 31, 2023 and 2022, respectively. The total amounts in the table differ from the carrying amounts as stated in Note 16 as the below table includes both undiscounted principal amounts and interest while the carrying amounts are measured using the effective interest rate method.

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2023					
Bank loans and bonds	1,433	1,391	1,416	237	4,477
Lease liabilities	150	497	356	514	1,517
Derivative financial liabilities					
Gross cash inflows	(14)	—	—	—	(14)
Gross cash outflows	16	—	—	—	16
Trade and other payables	1,200	—	—	—	1,200
Other financial liabilities	137	203	87	66	493
Total financial liabilities	**2,922**	**2,091**	**1,859**	**817**	**7,689**

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2022					
Bank loans and bonds	2,796	2,671	2,013	351	7,831
Lease liabilities	95	423	327	402	1,247
Trade and other payables	1,087	—	—	—	1,087
Other financial liabilities	176	322	142	52	692
Total financial liabilities	**4,154**	**3,416**	**2,482**	**805**	**10,857**

CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios, so as to help facilitate access to debt and capital markets and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic or political conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. In September 2019, VEON announced a dividend policy that targets paying at least 50% of prior year Equity Free Cash Flow after licenses so long as the Company's Net Debt to Adjusted EBITDA ratio would remain below 2.4x. See the paragraph below for more information on how the Company's Net Debt to Adjusted EBITDA ratio is calculated. Dividend payments remain subject to the review by the Company's Board of Directors of medium-term investment opportunities and the Company's capital structure. For the years ended December 31, 2023, 2022 and 2021, we did not pay a dividend. There were no changes made in the Company's objectives, policies or processes for managing capital during 2023, however as a result of the unstable environment we put more emphasis on safeguarding liquidity and also counterparty risk management in light of the high cash balances. Despite the resilient performance of its underlying operating companies, the Company's ability to upstream cash for debt service has been impaired by currency and capital controls in its major markets, and due to other geopolitical and foreign exchange pressures effecting emerging markets more generally. Furthermore, the ongoing war between Russia and Ukraine and the developments since February 2022 with respect to sanctions laws and regulations have resulted in unprecedented challenges for the Company, limiting access to the international debt capital markets in which the Company has traditionally refinanced maturing debt, which has hampered its ability to refinance its indebtedness. The Company has sold its Russian Operations and implemented the Scheme to manage certain of its indebtedness and to help address the unprecedented challenges the Group faced.in relation to its capital management.

The Net Debt to Adjusted EBITDA ratio is an important measure used by the Company to assess its capital structure. Net Debt represents the principal amount of interest-bearing debt less cash and cash equivalents and bank deposits. Adjusted EBITDA is defined as last twelve months earnings before interest, tax, depreciation, amortization and impairment, loss on disposals of non-current assets, other non-operating losses and share of profit / (loss) of joint ventures. For reconciliation of 'Profit / (loss) before tax from continuing operations' to 'Adjusted EBITDA,' refer to Note 2.

Further, this ratio is included as a financial covenant in certain credit facilities of the Company. Under these credit facilities, the Company is required to maintain the Net Debt to Adjusted EBITDA ratio at or below the level agreed in such facility. The Company has not breached any financial or non-financial covenants during the period covered by these financial statements.

19 ISSUED CAPITAL AND RESERVES

The following table details the common shares of the Company as of December 31:

	2023	2022
Authorized common shares (nominal value of US$0.001 per share)	1,849,190,667	1,849,190,667
Issued shares, including 766,350 (2022: 3,374,459) shares held by a subsidiary of the Company*	1,756,731,135	1,756,731,135

**Refer to Note 22 for further details.*

The holders of common shares are, subject to our bye-laws and Bermuda law, generally entitled to enjoy all the rights attaching to common shares. All issued shares are fully paid-up.

Subsequent to December 31, 2023, the VEON Ltd. Board of Directors approved the issuance of 92,459,532 of its authorized but unissued ordinary shares. As a result of the issuance, VEON will have 1,849,190,667 issued and outstanding ordinary shares. Refer to Note 23 for further details.

As of December 31, 2023, the Company's largest shareholders and remaining free float are as follows:

Shareholder	Number of common shares	% of common and voting shares
L1T VIP Holdings S.à r.l. ("LetterOne")	840,625,001	47.9 %
Stichting Administratiekantoor Mobile Telecommunications Investor *	145,947,562	8.3 %
Lingotto Investment Management LLP	131,068,288	7.5 %
Shah Capital Management Inc.	124,831,975	7.1 %
Free Float, including 766,350 shares held by a subsidiary of the Company	514,258,309	29.2 %
Total outstanding common shares	**1,756,731,135**	**100.0%**

** LetterOne is the holder of the depositary receipts issued by Stichting and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts and, indirectly, of the 145,947,562 common shares represented by the depositary receipts. According to the conditions of administration entered into between Stichting and LetterOne (**"Conditions of Administration"**) in connection with the transfer of 145,947,562 common shares from LetterOne to Stichting on March 29, 2016, Stichting has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion, in accordance with the Conditions of Administration and Stichting's articles of association.*

Nature and purpose of reserves

Other capital reserves are mainly used to recognize the results of transactions that do not result in a change of control with non-controlling interest (see Note 14). The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, net of any related hedging activities (see Note 16).

20 EARNINGS PER SHARE

Earnings per common share for all periods presented has been determined by dividing profit available to common shareholders by the weighted average number of common shares outstanding during the period.

The following table sets forth the computation of basic and diluted earnings per share for continuing operations, for the years ended December 31:

Continuing operations	**2023**	**2022**	**2021**
(In millions of U.S. dollars, except per share amounts)			
Numerator:			
Profit for the period attributable to the owners of the parent	307	656	75
Denominator:			
Weighted average common shares outstanding for basic earnings per share (in millions)	1,756	1,756	1,756
Denominator for diluted earnings per share (in millions)	1,782	1,782	1,782
Basic earnings per share	**$0.17**	**$0.37**	**$0.04**
Diluted earnings per share	**$0.17**	**$0.37**	**$0.04**

The following table sets forth the computation of basic and diluted earnings per share for discontinued operations, for the years ended December 31:

Discontinued operations	**2023**	**2022**	**2021**
(In millions of U.S. dollars, except per share amounts)			
Numerator:			
(Loss) / profit for the period attributable to the owners of the parent	(2,835)	(818)	599
Denominator:			
Weighted average common shares outstanding for basic earnings per share (in millions)	1,756	1,756	1,756
Denominator for diluted earnings per share (in millions)	1,782	1,782	1,782
Basic (loss) / earnings per share	**($1.61)**	**($0.46)**	**$0.34**
Diluted (loss) / earnings per share	**($1.61)**	**($0.46)**	**$0.34**

21 DIVIDENDS PAID AND PROPOSED

Pursuant to Bermuda law, VEON is restricted from declaring or paying a dividend if there are reasonable grounds for believing that

(a) VEON is, or would after the payment be, unable to pay its liabilities as they become due, or

(b) the realizable value of VEON assets would, as a result of the dividend, be less than the aggregate of VEON liabilities.

There were no dividends declared by VEON in respect of the years 2023, 2022 and 2021.

DIVIDENDS DECLARED TO NON-CONTROLLING INTERESTS

During 2023, 2022 and 2021, certain subsidiaries of the Company declared dividends, of which a portion was paid or payable to non-controlling interests as shown in the table below:

Name of subsidiary	2023	2022	2021
Omnium Telecom Algeria S.p.A	—	—	44
VIP Kazakhstan Holding AG	30	—	27
TNS Plus LLP	15	11	8
Other	—	3	10
Total dividends declared to non-controlling interests	**45**	**14**	**89**

ADDITIONAL INFORMATION
22 RELATED PARTIES

As of December 31, 2023, the Company has no ultimate controlling shareholder. See also Note 19 for details regarding ownership structure.

COMPENSATION TO BOARD OF DIRECTORS AND SENIOR MANAGERS OF THE COMPANY

The following table sets forth the total compensation to our Board of Directors, Group Chief Executive Officer, Group Chief Financial Officer and Group General Counsel, who are considered to be key management personnel of the Company, as defined by IAS 24, *Related Party Disclosures*:

	2023	2022	2021
Short-term employee benefits	11	21	39
Share-based payment*	11	9	9
Termination benefits	—	—	7
Total compensation to the Board of Directors and senior management**	**22**	**30**	**55**

**Share-based payment represents the expense under the Deferred Share Plan, Short-Term Incentive Plan and Long Term Incentive Plans, see further details below.*

*** The number of directors and senior managers vary from year to year. The group of individuals we consider to be senior managers has changed in recent years, including in 2022, a determination that the chief executive officers of our operating companies should no longer be classified as senior managers and in 2023 the reduction in the Group Executive Committee. As a result, for 2023 reporting, we have changed the total compensation perimeter for the Board of Directors and senior managers to reflect this internal view. Total compensation paid to the Board of Directors and senior management approximates the amount charged in the consolidated income statement for that year with the exception of the share-based payment in 2023, 2022 and 2021.*

Under the Company's bye-laws, the Board of Directors of the Company established a Remuneration and Governance Committee, which has the overall responsibility for approving and evaluating the compensation and benefit plans, policies and programs of the Company's directors, officers and employees and for supervising the administration of the Company's equity incentive plans and other compensation and incentive programs.

Compensation of Group Executive Committee

The following table sets forth the total remuneration expense to the Group Executive Committee for the periods indicated (gross amounts in whole euro and whole US$ equivalents). For further details on compensation and changes to the Board of Directors and Group Executive Committee, please refer to the Explanatory notes below.

In whole euros	Kaan Terzioglu Group CEO	Serkan Okandan Group CFO*	Joop Brakenhoff Group Chief Internal Audit & Compliance Officer***	Omiyinka Doris Group General Counsel**	Victor Biryukov Group Head of Corporate Development**	Michael Schulz Former Group Chief People Officer****	Dmitry Shvets Former Group Head of Portfolio Management******	Matthieu Galvani Former Chief Corporate Affairs Officer****	Alex Bolis Former Group Head of Corporate Development, Communications and Investor Relations****
2023									
Short-term employee benefits									
Base salary	1,323,000	432,000	684,000	606,667	—	—	—	—	—
Annual incentive	1,082,977	489,995	393,867	368,318	—	—	—	—	—
Other	205,350	406,458	211,263	105,885	—	—	—	—	—
Long-term employee benefits	—	—	—	—	—	—	—	—	—
Share-based payments	4,644,506	1,440,358	1,282,110	662,974	—	—	—	—	—
Termination benefits	—	—	—	—	—	—	—	—	—
Total remuneration expense	**7,255,833**	**2,768,811**	**2,571,240**	**1,743,844**	—	—	—	—	—
2022									
Short-term employee benefits									
Base salary	1,323,000	1,296,000	540,000	77,583	645,865	565,000	647,070	150,000	187,500
Annual incentive	1,035,891	712,800	297,000	52,644	343,556	310,750	350,585	83,178	204,555
Other	205,350	1,806,342	542,362	11,550	814,770	500,205	693,232	—	366,168
Long-term employee benefits	—	—	—	—	—	—	—	—	—
Share-based payments	3,392,793	981,490	654,502	—	105,710	482,768	436,981	36,434	187,704
Termination benefits	—	—	—	—	—	—	—	—	—
Total remuneration expense	**5,957,034**	**4,796,632**	**2,033,864**	**141,777**	**1,909,901**	**1,858,723**	**2,127,868**	**269,612**	**945,927**

** Mr. Okandan remained a GEC member until April 30, 2023.*

*** Ms. Doris was appointed as Group General Counsel on June 1, 2023.*

**** Mr. Brakenhoff was appointed as Group Chief Financial Officer on May 1, 2023.*

***** Refer to Changes to Group Executive Committee for further details.*

In whole US dollars	Kaan Terzioglu Group CEO	Serkan Okandan Group CFO*	Joop Brakenhoff Group Chief Internal Audit & Compliance Officer***	Omiyinka Doris Group General Counsel**	Victor Biryukov Group Head of Corporate Development**	Michael Schulz Former Group Chief People Officer****	Dmitry Shvets Former Group Head of Portfolio Management******	Matthieu Galvani Former Chief Corporate Affairs Officer****	Alex Bolis Former Group Head of Corporate Development, Communications and Investor Relations****
2023									
Short-term employee benefits									
Base salary	1,430,580	467,128	739,619	655,998	—	—	—	—	—
Annual incentive	1,171,039	529,839	425,894	398,268	—	—	—	—	—
Other	222,048	439,509	228,442	114,495	—	—	—	—	—
Long-term employee benefits	—	—	—	—	—	—	—	—	—
Share-based payments	5,022,173	1,557,481	1,386,365	716,884	—	—	—	—	—
Termination benefits	—	—	—	—	—	—	—	—	—
Total remuneration expense	**7,845,840**	**2,993,957**	**2,780,320**	**1,885,645**	—	—	—	—	—
2022									
Short-term employee benefits									
Base salary	1,390,582	1,362,203	567,585	81,546	678,869	593,862	680,135	157,662	197,078
Annual incentive	1,088,807	749,212	312,172	55,333	361,112	326,624	368,500	87,427	215,004
Other	215,840	1,898,615	570,067	12,140	856,404	525,757	728,656	—	384,873
Long-term employee benefits	—	—	—	—	—	—	—	—	—
Share-based payments	3,566,105	1,031,627	687,936	—	111,111	507,429	459,310	38,296	197,292
Termination benefits	—	—	—	—	—	—	—	—	—
Total remuneration expense	**6,261,334**	**5,041,657**	**2,137,760**	**149,019**	**2,007,496**	**1,953,672**	**2,236,601**	**283,385**	**994,247**

** Mr. Okandan remained a GEC member until April 30, 2023.*

*** Ms. Doris was appointed as Group General Counsel on June 1, 2023.*

**** Mr. Brakenhoff was appointed as Group Chief Financial Officer on May 1, 2023.*

***** Refer to Changes to Group Executive Committee for further details. .*

Explanatory notes

Base salary includes any holiday allowances and acting allowances in cash pursuant to the terms of an individual's employment agreement. Annual incentive expense includes amounts accrued under the cash portion of the short-term incentive in respect of performance during the current year, as well as any special recognition, performance and/or transaction bonuses. Other short-term employee benefits include certain allowances (for example, pension allowance, car allowance, etc.), special awards, and support (for example, relocation support).

Share-based payment expense relates to amounts related to the share portion of the short-term incentive plan, long-term incentive plan and the deferred share plan, see below for further details.

Changes in Group Executive Committee

On January 1, 2022, Victor Biryukov was appointed Group General Counsel. On November 1, 2022, Mr. Biryukov was appointed in a special capacity to manage the sale of the Russian operations.

On June 30, 2022, Alex Bolis stepped down from the role of Group Head of Corporate Development, Communications and Investor Relations.

On October 1, 2022, Matthieu Galvani was appointed Chief Corporate Affairs Officer.

On November 1, 2022, Omiyinka Doris was appointed Acting Group General Counsel.

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

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

On July 19, 2023, VEON 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. 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.

Compensation of Board of Directors

The following table sets forth the total remuneration expense to the members of the Board of Directors for the periods indicated (gross amounts in whole euro and whole U.S. dollar equivalents). For details on changes in Board of Directors, please refer to explanations below:

	Retainer		Committees		Other compensation		Total	
In whole euros	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Hans-Holger Albrecht	175,000	483,078	95,000	190,558	177,194	1,184,142	447,194	1,857,778
Yaroslav Glazunov	350,000	281,250	47,500	80,000	177,194	—	574,694	361,250
Andrei Gusev	350,000	281,250	30,000	52,500	177,194	500,000	557,194	833,750
Gunnar Holt	450,000	625,000	—	68,750	577,194	—	1,027,194	693,750
Irene Shvakman	175,000	350,000	35,000	55,000	177,194	—	387,194	405,000
Vasily Sidorov	175,000	350,000	35,000	123,750	177,194	—	387,194	473,750
Michiel Soeting	350,000	277,083	79,138	57,083	177,194	—	606,332	334,166
Karen Linehan	350,000	342,289	35,000	53,899	—	—	385,000	396,188
Augie Fabela	350,000	175,000	52,500	57,500	177,194	—	579,694	232,500
Morten Lundal	525,000	175,000	41,638	42,500	177,194	—	743,832	217,500
Stan Miller	175,000	175,000	35,000	30,000	177,194	—	387,194	205,000
Mikhail Fridman	—	12,500	—	—	—	—	—	12,500
Leonid Boguslavsky	—	175,000	—	12,500	—	—	—	187,500
Gennady Gazin	—	387,500	—	62,500	—	1,566,303	—	2,016,303
Sergi Herrero	—	175,000	—	12,500	—	—	—	187,500
Robert Jan van de Kraats	—	65,860	—	23,522	—	—	—	89,382
Total compensation	**3,425,000**	**4,330,810**	**485,776**	**922,562**	**2,171,940**	**3,250,445**	**6,082,716**	**8,503,817**

In whole US dollars	Retainer 2023	Retainer 2022	Committees 2023	Committees 2022	Other compensation 2023	Other compensation 2022	Total 2023	Total 2022
Hans-Holger Albrecht	189,228	507,763	102,723	200,296	191,600	1,244,652	483,551	1,952,711
Yaroslav Glazunov	378,455	295,622	51,362	84,088	191,600	—	621,417	379,710
Andrei Gusev	378,455	295,622	32,439	55,183	191,600	525,550	602,494	876,355
Gunnar Holt	486,585	656,938	—	72,263	624,120	—	1,110,705	729,201
Irene Shvakman	189,228	367,885	37,846	57,810	191,600	—	418,674	425,695
Vasily Sidorov	189,228	367,885	37,846	130,074	191,600	—	418,674	497,959
Michiel Soeting	378,455	291,242	85,572	60,000	191,600	—	655,627	351,242
Karen Linehan	378,455	359,780	37,846	56,653	—	—	416,301	416,433
Augie Fabela	378,455	183,943	56,768	60,438	191,600	—	626,823	244,381
Morten Lundal	567,683	183,943	45,023	44,672	191,600	—	804,306	228,615
Stan Miller	189,228	183,943	37,846	31,533	191,600	—	418,674	215,476
Mikhail Fridman	—	13,139	—	—	—	—	—	13,139
Leonid Boguslavsky	—	183,943	—	13,139	—	—	—	197,082
Gennady Gazin	—	407,301	—	65,694	—	1,646,342	—	2,119,337
Sergi Herrero	—	183,943	—	13,139	—	—	—	197,082
Robert Jan van de Kraats	—	69,226	—	24,723	—	—	—	93,949
Total compensation	**3,703,455**	**4,552,118**	**525,271**	**969,705**	**2,348,520**	**3,416,544**	**6,577,246**	**8,938,367**

Explanatory notes

In 2023, a one-off discretionary equity based award was awarded to the members of the Board of Directors of VEON Ltd. This grant aims to align the interests of the Board members with the long-term success and growth of the company, encouraging their active participation in driving shareholder value and recognizing their extraordinary efforts in supporting the VEON success during a challenging year.

Changes in Board of Directors

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.

On May 25, 2022, VEON announced that its Board of Directors and its Nominating and Corporate Governance Committee have recommended eleven individuals for the Board, including eight directors currently serving on the Board and three new members.The Board also announced that Gennady Gazin, Leonid Boguslavsky and Sergi Herrero did not put themselves up for reelection.

On June 29, 2022, at the Annual General Meeting, shareholders elected three new directors: Augie Fabela, Morten Lundal and Stan Miller as well as eight previously serving directors: Hans-Holger Albrecht, Yaroslav Glazunov, Andrei Gusev, Gunnar Holt, Karen Linehan, Irene Shvakman, Vasily Sidorov and Michiel Soeting.

On June 29, 2023, at its Annual General Meeting, VEON 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.

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.

SHARE-BASED PAYMENT

The following table sets forth the total share-based payment expense for the year-ended December 31 in relation to all directors and employees of the Company which represents a broader scope of disclosure than the senior management of the company, whose compensation was detailed above):

	2023	2022	2021
Equity-settled share-based payment expense	18	8	9
Liability-settled share-based payment expense	3	—	—
Total share-based compensation expense	**21**	**8**	**9**

Long-Term Incentive Plan ("LTIP")

The LTIP is designed to align the material interests of the Company's senior management with those of the shareholders. LTIP is an equity and cash-settled share-based payment scheme containing a three years vesting period from the date of the grant. The vesting of the share grant is also dependent on the Company's target shareholder return. The target shareholder return is associated with return on equity taking account of the dividends paid and performance of the Company's share price against a specified peer group. The determination of whether the targets have been achieved is determined by VEON's Remuneration and Governance Committee. The following awards were granted during the year ended December 31, 2023:

Fair value is determined using the appropriate pricing model, see below.

	Awards*	Weighted Average Fair Value	Weighted Average Remaining Contractual Life
As of January 01, 2023	**23,453,111**	**$ 0.52**	**1.64**
Granted	28,348,375	$ 0.62	
Forfeited	(8,893,335)		
Vested and settled	—		
As of December 31, 2023	**42,908,151**	**$ 0.65**	**1.20**

* To ensure data consistency, all awards were converted to VEON common share price equivalents.

The fair value of the awards was determined using the Black-Scholes Option Pricing Model with a Monte Carlo simulation to determine the likelihood of the performance condition being satisfied. An expense of US$8 was incurred as of December 31, 2023 (2022: US$1) related to equity-settled awards under this plan. The liability was US$3 (2022: US$Nil) at the end of the reporting period and an expense of US$3 was incurred as of December 31, 2023 (2022: US$Nil) for liability-settled awards under this plan.

The following table sets forth the range of principal assumptions applied by VEON in determining the fair value of share-based payment instruments granted during the year-ended December 31:

Assumptions affecting inputs to fair value models for equity-settled awards and for liability-settled awards for remeasurement as of December 31,	**2023 Range**
Annual risk-free rates of return and discount rates (%)	2.15% - 2.42%
Long-term dividend yield (%)	— %
Expected life of options (years)	2.00 - 2.76
Volatility of share price (%)	43.68% - 93.92%
Share price (p)*	$0.71 - $0.79

* To ensure data consistency, all awards were converted to VEON common share price equivalents.

Short-Term Incentive Plan ("STI")

The Company's STI Scheme was revised to a 50:50 shares:cash scheme effective for the year 2022. It provides cash pay-outs (50%) and share awards (50%) to participating employees based on the achievement of established KPIs over the period of one calendar year. KPIs are set every year at the beginning of the year and evaluated in the first quarter of the next year. The KPIs are partially based on the financial and operational results (such as total operating revenue, EBITDA and equity free cash flow) of the Company, or the affiliated entity employing the employee, and partially based on individual targets that are agreed upon with the participant at the start of the performance period based on his or her specific role and activities. The weight of each KPI is decided on an individual basis.

The cash pay-out of the STI award is scheduled in March of the year following the assessment year and is subject to continued active employment during the year of assessment (except in limited "good leaver" circumstances in which case there is a pro-rata reduction) and is also subject to a pro-rata reduction if the participant commenced employment after the start of the year of assessment. The share awards is also scheduled to be granted in March of the year following the assessment year and subject to the same active employment condition as the cash payout as well as a two years service vesting periods. Both the cash pay-out of the STI award as well as any share awards granted are dependent upon final approval by the Remuneration and Governance committee.

The cash pay-out is accounted for in accordance with IAS 19, *Employee Benefits*, while the share award portion is accounted for in accordance with IFRS 2, *Share-based payments*. The cash bonuses and shared-based compensation expenses are disclosed in the tables above for the GEC, while further information for the share-based portion of STI compensation expense is disclosed below.

	Awards*	Weighted Average Fair Value	Weighted Average Remaining Contractual Life
As of January 01, 2023	**—**	**$ —**	**0**
Granted	5,486,625	$ 0.72	
Forfeited	—		
Vested and settled	—		
As of December 31, 2023	5,486,625	**$ 0.72**	**0.85**

* To ensure data consistency, all awards were converted to VEON common share price equivalents.

The fair value of the awards was determined using the Black-Scholes Option Pricing Model. An expense of US$5 was incurred as of December 31, 2023 (2022: US$1) related to equity-settled awards under this plan.

The following table sets forth the range of principal assumptions applied by VEON in determining the fair value of share-based payment instruments granted during the year-ended December 31:

Assumptions affecting inputs to fair value models for equity-settled awards and for liability-settled awards for remeasurment as of December 31, 2023	2023 Range
Annual risk-free rates of return and discount rates (%)	2.11% - 2.37%
Long-term dividend yield (%)	—%
Expected life of options (years)	1.21 - 2.96
Volatility of share price (%)	61.42% - 94.32%
Share price (p)*	$0.71 - $0.79

* To ensure data consistency, all awards were converted to VEON common share price equivalents.

Deferred Share Plan ("DSP")

The DSP is an equity-settled scheme established in 2021, which enables the Board to award share awards to the selected staff (participants) on a discretionary basis at a no cost to the participants. The awards are conditional on the ongoing employment for a specified period, typically a two-year vesting period. The following awards were granted during the year ended December 31, 2023:

	Awards*	Weighted Average Fair Value	Weighted Average Remaining Contractual Life
As of January 01, 2023	**7,835,235**	**$ 0.52**	**0.20**
Granted	3,421,919	$ 0.78	
Forfeited	—		
Vested and settled	(2,608,118)		
As of December 31, 2023	**8,649,036**	**$ 0.78**	**0**

* To ensure data consistency, all awards were converted to VEON common share price equivalents.

The fair value of the awards was determined using the Black-Scholes Option Pricing Model. An expense of US$5 was incurred as of December 31, 2023 (2022: US$6) related to equity-settled awards under this plan.

The following table sets forth the range of principal assumptions applied by VEON in determining the fair value of share-based payment instruments granted during the year-ended December 31:

Assumptions affecting inputs to fair value models for equity-settled awards and for liability-settled awards for remeasurement as of December 31, 2023	2023 Range
Annual risk-free rates of return and discount rates (%)	0.00%–2.56%
Long-term dividend yield (%)	—%
Expected life of awards (years)	0.00–2.00
Volatility of share price (%)	38.12%–115.31%
Share price (p)*	$0.44–$2.03

* To ensure data consistency, all awards were converted to VEON common share price equivalents.

ACCOUNTING POLICIES

Equity-settled share-based payments are measured at the grant date fair value, which includes the impact of any market performance conditions. The grant date fair value is expensed over the vesting period, taking into account expected forfeitures and non-market performance conditions, if any, with a corresponding increase in equity. This is based upon the Company's estimate of the shares or share options that will eventually vest which takes account of all service and non-market performance conditions, if applicable, with adjustments being made where new information indicate the number of shares or share options expected to vest differs from previous estimates.

Cash-settled share-based payments are measured at the grant date fair value and recorded as a liability. The Company remeasures the fair value of the liability at the end of each reporting period until the date of settlement, with any changes in fair value recognized as selling, general and administrative expenses within the income statement. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transaction.

Other short-term benefits not related to share-based payments are expensed in the period when services are received.

23 EVENTS AFTER THE REPORTING PERIOD

VEON and Summit complete US$100 deal for Bangladesh towers portfolio

On January 31, 2024, VEON announced that, further to the announcement dated November 15, 2023, and the legal transfer of towers in December 2023 following the receipt of all regulatory approvals, its wholly owned subsidiary, Banglalink has obtained the cash consideration for the sale of approximately BDT 11 billion (approximately US$96).

Repayment of the RCF

In February 2024, we repaid US$250 of drawn commitments maturing in March 2024 under our US$1,055 RCF, and in March 2024, we repaid the remaining amounts outstanding of US$805 under our RCF, originally due in March 2025, and canceled the RCF.

Issuance of PKR bond by PMCL

In April 2024, PMCL issued a short term PKR bond of PKR 15 billion (US$52) with a maturity of six months. The coupon rate is three-month Karachi Interbank Offered Rate (KIBOR) plus 25bps per annum.

BDCL syndicated credit facility

BDCL utilized the remaining BDT 3 billion (US$27) under its existing syndicated credit facility of BDT 8 billion (US$73) during January 2024 and February 2024.

Announcement of issuance of new shares

On March 1, 2024, VEON announced the issuance of 92,459,532 ordinary shares, after approval from the Board, to fund its existing and future equity incentive-based compensation plans. As a result of the issuance, VEON now has 1,849,190,667 issued and outstanding ordinary shares. The issuance of the ordinary shares represents approximately 4.99% of VEON's authorized ordinary shares. The shares are expected to be allocated to the company's existing and future equity incentive-based compensation plans, which are designed to align the interests of VEON's senior managers and employees with those of its shareholders and to support the company's long-term growth and performance, as well as compensation arrangements for strategic consultants. The shares were initially issued to VEON Holdings and then subsequently allocated to satisfy awards under the company's existing incentive plans and will also be allocated to future equity incentive-based compensation plans, and such other compensation arrangements, as and when needed, as well as to meet certain employee, consultant and other compensation requirements. As a result, the initial share issuance will have an immediate dilutive impact on existing shareholders. The ordinary shares will be issued at a price of US$0.001 per share, which is equal to the nominal value of VEON's ordinary shares.

Appointment of PricewaterhouseCoopers N.V. ("PwC Netherlands") as 2023 auditor

On March 14, 2024, VEON announced that it appointed PricewaterhouseCoopers Accountants N.V. as the independent external auditor for the audit of the Group's consolidated financial statements for the year ended December 31, 2023 in accordance with International Standards on Auditing (the "ISA Audit"). The delay in appointment was due to difficulties the Company faced in identifying a suitable auditor due to the material changes in the Group's portfolio of assets which resulted in a delay in filing this Annual Report on Form 20-F with the SEC and filing its annual report with the AFM.

VEON announces sale of stake in Beeline Kyrgyzstan

On March 26, 2024, VEON announced that it signed a share purchase agreement ("SPA") for the sale of its 50.1% indirect stake in Beeline Kyrgyzstan to CG Cell Technologies, which is wholly owned by CG Corp Global for cash consideration of US$32. Completion of the sale of VEON's stake in Beeline Kyrgyzstan, which is held by VIP Kyrgyzstan Holding AG (an indirect subsidiary of the Company), is subject to customary regulatory approvals and preemption right of the Government of Kyrgyzstan in relation to acquisition of the stake. VEON is currently liaising with Kyrgyzstan public authorities regarding the regulatory approvals and the Government's preemption right.

As a result of this anticipated transaction and assessment that control of the Kyrgyzstan operations will be transferred, as from the date of the SPA signing, the Company classified its Kyrgyzstan operations as held for sale. Following the classification as held for sale, the Company no longer accounts for depreciation and amortization for Kyrgyzstan operations.

VEON increases management's and directors' ownership

On April 12, 2024, VEON announced an increase in management's and directors' ownership in VEON shares through awards under its existing equity-based compensation plans. VEON is utilizing certain of the 92,459,532 common shares issued to VEON Holdings B.V. as disclosed in Note 1-*General Information*, announced on March 1, 2024, to satisfy the awards made. VEON's Group Executive Committee ("GEC") received a total of 2,853,375 VEON common shares (equal to 114,135 VEON ADSs) within the scope of the VEON's Deferred Share Plans, and a total of 1,839,895 VEON common shares (equal to 73,596 ADSs) within the scope of the VEON's STIP. The members of the VEON Board of Directors received a total of 1,648,225 VEON common shares (equal to 65,929 ADSs) within the scope of their compensation.

Share-based awards to VEON's GEC and Board of Directors

In January 2024, Mr. Kaan Terzioglu was granted 3,201,250 common shares (equal to 128,050 ADSs) under the Company's 2021 LTIP. In July 2024, these shares vested after meeting the required performance objectives whereby a portion was settled in cash and the remaining shares are expected to be transferred in 2025. In April 2024, Mr. Terzioglu vested 1,431,220 equity-settled common shares (equal to 57,249 ADSs) under the 2021 Deferred Share Plan ("2021 DSP") for Short-Term Incentive ("STI") 2023, which were transferred in June 2024. In June 2024, Mr. Terzioglu also received 2,393,275 common shares (equal to 95,731 ADSs) related to 3,662,240 common shares (equal to

146,490 ADSs) that had vested in September 2023 under the 2021 DSP. The remaining 1,268,965 common shares (equal to 50,759 ADSs) were withheld for tax purposes.

In April 2024, 10,457,359 equity-settled awards in common shares in the Company (equal to 418,294 ADSs) were granted to the GEC under the LTIP. The vesting of these shares is linked to the VEON shares' relative TSR performance against VEON's peer group which will be assessed at the end of the three years performance period, on December 31, 2026.

In April 2024, Mr. Joop Brakenhoff was granted and immediately vested in 434,549 equity settled common shares (equal to 17,382 ADSs) under the 2021 DSP for successfully completing key projects. Additionally, 520,519 equity-settled common shares in the Company (equal to 20,821 ADSs) were granted and vested immediately under the same plan for STI 2023. In June 2024, Mr. Brakenhoff received 482,325 common shares (equal to 19,293 ADSs), while 472,743 common shares (equal to 18,910 ADSs) were withheld for tax purposes related to the April 2024 grants. Also, in June 2024, Mr. Brakenhoff received 52,550 common shares (equal to 2,102 ADSs) related to 104,047 common shares (equal to 4,162 ADSs) that vested in December 2023 under the 2021 DSP. The remaining 51,497 common shares (equal to 2,060 ADSs) were withheld for tax purposes.

In April 2024, Ms. Omiyinka Doris was granted and immediately vested in 372,470 equity-settled awards in common shares (equal to 14,899 ADSs) under the 2021 DSP for successfully completing key projects. Additionally, 288,703 equity-settled awards in common shares (equal to 11,548 ADSs) were granted and vested immediately under the 2021 DSP in April 2024 for STI 2023. In June 2024, 333,900 common shares (equal to 13,356 ADSs) of the vested awards were transferred to Ms. Omiyinka Doris while 327,273 common shares (equal to 13,091 ADSs) were withheld for tax purposes.

In April 2024, VEON granted a total of 3,369,125 equity-settled awards and 1,547,650 cash-settled awards in common shares (equal to 134,765 and 61,906 ADSs, respectively) under the 2021 DSP to its current and former Board of Directors. By June 2024, 1,648,225 of the equity-settled common shares (equal to 65,929 ADSs) were vested and transferred to the Board members and 173,250 common shares (equal to 6,930 ADSs) were withheld for tax purposes.

VEON Holdings consent solicitations to noteholders

In April 2024, VEON Holdings launched a consent solicitation process to its noteholders, seeking their consent for certain proposals regarding its notes. The most notable proposals were to extend the deadline for the provision of audited consolidated financial statements of VEON Holdings for the years ended December 31, 2023 and December 31, 2024 on a reasonable best efforts basis by December 31, 2024 and December 31, 2025, respectively, and to halt further payments of principal or interest on the notes of the relevant series that remain outstanding and were not exchanged.

Consent was achieved on the April 2025, June 2025, and November 2027 notes and VEON Holdings subsequently issued new notes with identical maturities to the April 2025, June 2025, and November 2027 notes (any such new notes, the "New Notes") to the noteholders who participated in the consent process and tendered the original notes (the "Old Notes"), which were exchanged for the New Notes subsequently (economically) canceled. For the September 2025 and September 2026 notes VEON Holdings was unable to achieve consent; however, VEON Holdings subsequently redeemed these notes in June 2024.

VEON Holdings has continued and will need to continue to provide the remaining holders of Old Notes maturing in April 2025, June 2025 and November 2027 further opportunities to exchange their Old Notes into corresponding New Notes maturing in April 2025, June 2025 and November 2027, respectively.

As of June 30, 2024, US$1,550 of New Notes due April 2025, June 2025 and November 2027 were outstanding and there were US$134 of remaining Old Notes subject to potential conversion to New Notes.

Following further conversions in July and August 2024, US$20 equivalent of April 2025, June 2025 and November 2027 Old Notes were exchanged for New Notes. As of August 28, 2024, the equivalent amount of New Notes outstanding is US$1,565 and the remaining Old Notes that are subject to potential conversion to New Notes is US$113.

VEON Holdings is not required to make any further principal or coupon payments under the Old Notes.

Make-whole call

In June 2024, VEON Holdings executed an early redemption of its September 2025 and September 2026 notes. These notes were fully repaid on June 18, 2024. Aggregate cash outflow including premium was RUB 5 billion (US$53).

VEON Receives Extension from NASDAQ for 20-F Filing

On May 22, 2024, VEON confirmed that on May 20, 2024 it received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market ("NASDAQ") indicating that, as a result of the Company's delay in filing its Annual Report on Form 20-F for the year ended December 31, 2023 (the "2023 20-F"), the Company was not in compliance with the timely filing requirements for continued listing under Nasdaq Listing Rule 5250(c)(1) (the "Listing Rules").

The Company had previously shared the expected delay in its 2023 20-F filing with a press release dated March 14, 2024, and subsequently filed its notification of late filing on Form 12b-25 with the SEC on May 1, 2024. As described in these disclosures, the delay in the Company's 2023 20-F filing is due to the continued impact of challenges faced by the Company in connection with the timely appointment of an independent auditor that meets the requirements for a Public Company Accounting Oversight Board ("PCAOB") audit following VEON's exit from Russia.

The Company submitted a plan to regain compliance under Nasdaq Listing Rules and requested an exception of up to 180 calendar days, or until November 11, 2024, to regain compliance. On July 9, 2024, the Company announced that NASDAQ granted the Company an exception, enabling it to regain compliance with the Listing Rules by filing its 2023 annual report on 20-F on or before November 11, 2024.

Sale of TNS+ in Kazakhstan

On May 28, 2024, VEON announced that it signed share purchase agreement ("SPA") for the sale of its 49% in Kazakh wholesale telecommunications infrastructure services provider, TNS Plus LLP (TNS+), included within the Kazakhstan operating segment, to its joint venture partner, the DAR group of companies for total consideration (including deferred consideration) of US$137.5. The closing of the transaction was subject to customary regulatory approvals in Kazakhstan which were subsequently obtained. Accordingly, the sale was completed on September 30, 2024. As a result of this anticipated transaction and assessment that control of TNS+ will be transferred, as from the date of the SPA signing, the Company classified its TNS+ operations as held for sale. Following the classification as held for sale, the Company no longer accounts for depreciation and amortization for TNS+ operations.

Appointment of UHY LLP as auditors

On May 29, 2024, VEON announced the appointment of UHY LLP (UHY) as the independent registered public accounting firm for the audit of the Group's consolidated financial statements for the year ended December 31, 2023 in accordance with the standards established by the Public Company Accounting Oversight Board (United States) (the "PCAOB Audit").

VEON Announces New Board

On May 31, 2024, VEON held its Annual General Meeting (AGM), during which the Company's shareholders approved the recommended slate of seven directors as VEON's new Board. The new members consist of former U.S. Secretary of State Michael R. Pompeo, Sir Brandon Lewis and Duncan Perry, who will serve alongside the incumbent directors Augie K. Fabela II, Andrei Gusev, Michiel Soeting and VEON Group CEO Kaan Terzioglu.

Following the AGM, the new Board held its inaugural meeting, and elected VEON's Founder and Chairman Emeritus Augie K Fabela II as the Chairman.

PMCL syndicated credit facility

In May 2024, PMCL secured a syndicated credit facility of up to PKR 75 billion (US$270) including green shoe option of PKR 15 billion with a tenor of 10 years. PMCL utilized PKR 43 billion (US$154) from this facility through drawdowns in May and June 2024 with a further PKR 22 billion (US$78) drawn in July 2024.

PMCL bilateral credit facilities

In May 2024, PMCL utilized PKR 15 billion (US$54) from three bilateral credit facilities of PKR 5 billion (US$18) each from different banks. The tenor of each facility is 10 years.

Sale of Russian operations deferred consideration settlement

In July 2024, the remaining US$72 equivalent bonds were transferred to Unitel LLC, a wholly owned subsidiary of VEON Holdings, upon receipt of the OFAC license in June 2024, to offset the remaining deferred purchase price for the sale of VimpelCom completed in October 2023.

VEON Announces Intention to Delist from Euronext Amsterdam and Share buyback program

On August 1, 2024, the Company announced its intention to voluntarily delist from Euronext Amsterdam (the "Delisting"). VEON expects the Delisting process to take place in the fourth quarter of 2024, following and subject to the filing of this Annual Report on Form 20-F.

The Company also informed its shareholders that it intends to initiate a buyback program for up to US$100 of its American ADS following the Delisting. The timing and specifics of the ADS buybacks will be determined by the Company's management and Board of Directors in due course, and will be subject to liquidity considerations, market conditions, applicable legal requirements, and other factors.

Agreement with Impact Investments LLC for Strategic Support and Board Advisory Services

On June 7, 2024, the Company entered into a letter agreement as amended on August 1, 2024 (the "2024 Agreement") with Impact Investments which will provide strategic support and board advisory services to the Company and JSC Kyivstar (a wholly owned indirect subsidiary of the Company). Michael Pompeo, who was appointed to the Board of Directors of the Company on May 31, 2024, serves as Executive Chairman of Impact Investments. In exchange for the services provided, the Company will pay Impact Investments US$0.5 in cash per month on or about the 7th day of each month during the term of the 2024 Agreement. Further, the Company has granted to Impact Investments three common share warrants (hereby "Warrant A", "Warrant B", and "Warrant C"), with a value of $12, $2, and $2 worth of common shares in the capital of the Company, respectively. Warrant A vest ratably semi-annually over a period of three years subject to achievement of vesting conditions. One half of Warrant B will vest on the date that is six months after the three years anniversary of the 2024 Agreement, subject to Impact Investments' initial term being extended for a fourth year and the satisfaction of the other vesting conditions. The remainder of Warrant B will vest on the four years' anniversary of the 2024 Agreement, subject to the achievement of the vesting conditions. One half of Warrant C will vest on the date that is six months after the four years' anniversary of the 2024 Agreement, subject to Impact Investments' initial term being extended for a fourth year and the satisfaction of the other vesting conditions. The remainder of Warrant C will vest on the five years' anniversary of the 2024 Agreement, subject to the achievement of the vesting conditions. The number of common shares to be transferred will be determined on the vesting date based on the 90-day average trading price. Finally, the Company, in its sole discretion, may pay Impact Investments an additional fee up to $3 subject to completion of certain strategic objectives.

On June 7, 2024, the Company and Impact Investments also entered into a termination letter in connection with a letter agreement between the Company and Impact Investments dated November 16, 2023. Under the terms of the termination letter, the Company paid Impact Investments $2 in common shares or 2,066,954 shares (equal to 82,678 ADS), which common shares were determined on the basis of the 90-day average trading price of the VEON common shares as of the date of the termination letter. These common shares were transferred to Impact Investments in August 2024, for strategic support and board advisory services to JSC Kyivstar performed by Impact Investments under the letter agreement between the Company, JSC Kyivstar and Impact Investments dated November 16, 2023.

VEON Announces Plan to Move its Headquarters to Dubai

On October 14, 2024, VEON announced its plan to move the Group Headquarters from Amsterdam to the DIFC in the United Arab Emirates. The Company also plans to update its corporate entity structure to reflect the relocation of the headquarters from move from the Netherlands to the DIFC, subject to tax and structuring analyses.

KaR-Tel Limited Liability Partnership credit facilities

On September 25, 2024 KaR-Tel Limited Liability Partnership ("KaR-Tel") signed a new bilateral credit facility with JSC Nurbank of KZT 18 billion (US$37) with a maturity of five years carrying fixed interest rate of 15.5%. On October 8, 2024, KaR-Tel utilized KZT 4.5 billion (US$10) from this facility.

2024 Annual Impairment Analysis

During July and August 2024 there was increased political uncertainty in Bangladesh culminating in network outages and blockages experienced by our Bangladesh subsidiary in connection with mass protests, civil unrest and riots that resulted in the fall of the government of Prime Minister Shiekh Hasina and the establishment of an interim government. These events and the political unrest have negatively impacted the populations' disposable income and influenced telecom spending patterns, while increased operation costs for the business unit identified indicators of an impairment event with respect to our Bangladesh CGU in the third quarter of 2024. Management has not yet finalized the quantitative and qualitative assessments and valuation tests required to determine the estimated financial impact of such triggers in Bangladesh during the third quarter of 2024. Preliminary analysis suggests that we may incur a substantial impairment charge to the carrying value of the Bangladesh CGU for the period ended September 30, 2024. As of the date of October 17, 2024, we do not have enough certainty to provide an estimate of the charge or range of potential outcomes, but initial results of quantitative and qualitative assessments and valuation tests indicate that an impairment charge is likely to be material. We, however, cannot rule out the possibility that the final results of our impairment analysis may deviate significantly from our preliminary assessment. Final results of the analysis will be published in our interim unaudited consolidated condensed financial statement for the period ended September 30, 2024. Following the annual impairment goodwill test as at September 30, 2023 and the subsequent triggering event analysis as at December 31, 2023, no impairments were found at our Bangladesh CGU as, amongst other factors, it was operating in a revenue growth period (which period lasted through our second quarter of 2024), however, the Bangladesh CGU did have limited headroom in its carrying value; as a result, the impairment charge is expected to have a direct impact on our operating profit. See Note 11 for further detail. The circumstances in Bangladesh could also impact our assessment relating to the recognition and recoverability of our deferred tax assets in Bangladesh.

24 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board, effective at the time of preparing the consolidated financial statements and applied by VEON.

The consolidated income statement has been presented based on the nature of the expense, other than 'Selling, general and administrative expenses', which has been presented based on the function of the expense.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise disclosed.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Company has control. Please refer to Note 14 for a list of significant subsidiaries.

Intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the Group ceases to consolidate a subsidiary due to loss of control, the related subsidiary's assets (including goodwill), liabilities, non-controlling interest and other components of equity are de-recognized. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss. Any consideration received is recognized at fair value, and any investment retained is re-measured to its fair value, and this fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest. Any resultant gain or loss is recognized in the income statement.

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements of the Group are presented in U.S. dollars. Each entity in the Group determines its own functional currency and amounts included in the financial statements of each entity are measured using that functional currency.

Upon consolidation, the assets and liabilities measured in the functional currency are translated into U.S. dollars at exchange rates prevailing on the balance sheet date; whereas income and expenses are generally translated into U.S. dollars at historical monthly average exchange rates. Foreign currency translation adjustments resulting from the process of translating financial statements into U.S. dollars are reported in other comprehensive income and accumulated within a separate component of equity.

RESTATEMENT OF 2022 CONSOLIDATED FINANCIAL STATEMENTS

After the issuance of VEON Ltd.'s Dutch statutory financial statements for the year ended December 31, 2022 filed on June 25, 2023 and prior to the filing of VEON Ltd.'s Annual Report on Form 20-F for the same period, the Company discovered an error in the consolidated statement of comprehensive income with respect to the de-recognition of non-controlling interest for the sale of its Algerian operations (refer to Note 10 for further details) which was corrected in the financial statements for the year ended December 31, 2022 included in the 2022 Annual Report on Form 20-F as well as in these financial statements. 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 judgement 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. In accordance with IFRS and Dutch law, the Company has corrected and disclosed the error retrospectively in its statutory accounts in its half-yearly financial statements and in the full year 2023 Dutch annual report. As a result, the Company did not correct the previously issued consolidated financial statements, VEON Ltd.'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 de-recognized in other comprehensive income (OCI), a component within equity, while it should have been de-recognized directly in equity without an impact in OCI. With respect to the consolidated statement of changes in equity, the amount was previously presented in the Dutch statutory financial statements as a line item within OCI and is now presented as a separate line item on the statement with no impact to OCI in the 2022 Annual Report. Refer to the impact on the consolidated statement of comprehensive income below. Thus, the error correction resulted in an adjustment in the consolidated statement of changes in equity which has no impact on total consolidated equity as well as an adjustment in the consolidated statement of comprehensive income.

Further, the error had no impact on the result on the sale of Algeria (refer to Note 10) as presented on the consolidated income statement and no impact on the consolidated income statement as a whole. Additionally, the error had no impact on the consolidated statement of financial position, consolidated statement of cash flows, basic or diluted earnings per share, adjusted EBITDA, nor on VEON's financial covenants for its lenders.

Statement of Comprehensive Income

For the year ended December 31, 2022	Impact of correction of the error		
(In millions of U.S. dollars)	VEON Ltd. Dutch Statutory Financial Statements as previously reported	Adjustment	VEON Ltd. Form 20-F Consolidated Financial Statements as restated
Profit / (loss) for the period	(9)	—	(9)
Items that may be reclassified to profit or loss			
Foreign currency translation	(480)	—	(480)
Reclassification of accumulated foreign currency translation reserve to profit or loss upon disposal of foreign operation	(266)	824	558
Items that will not to be reclassified to profit or loss			
Other	27	—	27
Other comprehensive income / (loss) for the period, net of tax	**(719)**	**824**	**105**
Total comprehensive income / (loss) for the period, net of tax	**(728)**	**824**	**96**
Attributable to:			
The owners of the parent	(14)	—	(14)
Non-controlling interests	(714)	824	110
	(728)	824	96
Total comprehensive income / (loss) for the period, net of tax from:			
Continuing operations	234	—	234
Discontinued operations	(962)	824	(138)
	(728)	824	96

GOING CONCERN

As of October 17, 2024, hostilities continue in Ukraine. Currently, we have 24 million subscribers in Ukraine, where they are supported by 4,000 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 October 17, 2024, most of our Ukraine subsidiary's employees remain in the country. As of October 17, 2024, millions of people have fled Ukraine and the country has sustained significant damage to infrastructure and assets.

As the war 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 war. On December 12, 2023, VEON announced that the network of its Ukrainian subsidiary Kyivstar had been the target of a widespread external cyber-attack, causing a technical failure. This resulted in a temporary disruption of Kyivstar's network and services, interrupting the provision of voice and data connectivity on mobile and fixed networks, international roaming, and SMS services, amongst others, for Kyivstar customers in Ukraine and abroad. The Company's technical teams, working relentlessly and in collaboration with the Ukrainian law enforcement agencies, the Security Service of Ukraine and government agencies, restored services in multiple stages starting with voice and data connectivity. On December 19, 2023, VEON announced that Kyivstar had restored services in all categories of its communication services, with mobile voice and internet, fixed connectivity, SMS and MyKyivstar self-care application active and available across Ukraine. Refer to Note 1 for further details. 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 war, 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.

Effective October 9, 2023, VimpelCom was deconsolidated from the VEON Group and, as such, the VEON Group no longer has operations in Russia. The risks related to sanctions, trade restrictions, and export bans targeting the Russian Federation and VimpelCom itself as well as risks related to counter-sanctions imposed by Russia, including the potential risk of imposing administration over Russian assets, have been sufficiently mitigated. As a result of the VimpelCom disposal, cybersecurity risk has been significantly reduced.

Ukraine has also implemented and may implement further sanctions or measures on individuals or entities with close ties to Russia, which may negatively impact Kyivstar if VEON is considered by local Ukrainian authorities as being a company controlled by sanctioned persons. 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 beneficial owners of LetterOne, which, in turn, is one of VEON's shareholders. 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 engage in transactions involving the Company. 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. On October 6, 2023, the Security Services of Ukraine (SSU) announced that the Ukrainian courts froze all “corporate rights” of Mikhail Fridman in 20 Ukrainian companies in which he holds a beneficial interest, while criminal proceedings against Mikhail Fridman and which are unrelated to VEON or any of our subsidiaries are in progress. This announcement was incorrectly characterized by some Ukrainian media as a “seizure” or “freezing” of “Kyivstar’s assets”. On October 9, 2023, Ukrainian media further reported, with a headline which incorrectly identified Kyivstar, that the Ministry of Justice of Ukraine was separately finalizing a lawsuit in the Ukraine High Anti-Corruption Court to confiscate any Ukrainian assets of Mikhail Fridman. We have received notification from our local custodian that the following percentages of the corporate rights in our Ukrainian subsidiaries have been frozen: (i) 47.85% of Kyivstar, (ii) 100% of Ukraine Tower Company, (iii) 100% of Kyivstar.Tech, and (iv) 69.99% of Helsi Ukraine. The freezing of these corporate rights prevents any transactions involving our shares in such subsidiaries from proceeding. On October 30, 2023 VEON announced that two appeals were filed with the relevant Kyiv courts, challenging the freezing of the corporate rights in Kyivstar and Ukraine Tower Company, noting that corporate rights in Kyivstar and Ukraine Tower Company belong exclusively to VEON, and that their full or partial freezing or seizure directly violates the rights of VEON and its international debt and equity investors, and requesting the lifting of the freezing of its corporate rights in Kyivstar and Ukraine Tower Company. In December 2023, the court rejected the Company’s appeals. On June 4, 2024, the CEO of VEON, in his capacity as a shareholder of VEON, filed a motion with Shevchenkivskiy District Court of Kyiv requesting cancellation of the freezing of corporate rights in Ukraine Tower Company. On June 26, 2024, the motion was supplemented to request cancellation of the freezing of corporate rights in the VEON group's other Ukrainian subsidiaries: Kyivstar, Kyivstar.Tech and Helsi Ukraine. VEON is continuing significant government affairs efforts to protect our assets in Ukraine.

Restrictions applicable in Ukraine to all foreign-owned companies have already led to restrictions on the upstreaming of dividends from Ukraine to VEON. Additionally, to the extent that VEON and/or Kyivstar are deemed to be controlled by persons sanctioned in Ukraine, potential prohibitions on (i) the transfer of technology and intellectual rights to Kyivstar from VEON, renting of state property and land, and (iii) prohibitions on participation in public procurement impacting B2G revenue would apply.

The ongoing war in 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 war, sanctions and such responses continue or escalate, will continue to negatively impact aspects of our operations and results in Ukraine, and may affect aspects of our operations and results in the other countries in which we operate.

The war has directly and indirectly 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 war has also had a marked impact on the economy of Ukraine. However, since the beginning of the war, a significant majority of Ukraine’s network infrastructure has been operating effectively and disruptions in service have been limited to specific areas where the war is most intense. As mentioned above, in December 2023, Kyivstar was the target of a widespread external cyber-attack, causing a technical failure. This resulted in a temporary disruption of Kyivstar's network and services, interrupting the provision of voice and data connectivity on mobile and fixed networks, international roaming, and SMS services, amongst others, for Kyivstar customers in Ukraine and abroad, which were subsequently restored. It cannot be ruled out that the war and related damage could escalate within Ukraine.

- We may need to record future impairment charges in Ukraine or CGUs, which could be material, if the war continues or escalates and/or due to macroeconomic conditions.

- As of October 17, 2024, 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.

- 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. In addition, cash on hand was US$963 as of September 30, 2024 after the full repayment of the RCF (refer to details in Note 1). As a result of the full repayment and cancellation of the RCF, the Company no longer has any financial covenants. However, these continue to be uncertain times and it is not possible to predict with certainty how certain developments will impact our liquidity position, 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. 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. If the assumptions behind our liquidity forecast are not correct, we may not have sufficient liquidity to continue to operate as outlined above. If we are unable to raise additional capital in the markets in which we seek to raise it, or at all, or if the cost of raising additional capital significantly increases, which has been the case since the onset of the ongoing war due to monetary policy in response 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 war in 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 war in Ukraine, and particularly its effects on our liquidity and financial profile, becomes more certain.
- In response to the geopolitical and economic situation in Ukraine, there is a risk of the country imposing external administration over foreign companies or assets or nationalizing them. For example, as part of the measures that the Ukrainian government has adopted in response to the ongoing war with Russia, several Nationalization Laws Amendments have been passed by the Ukrainian Parliament and, as of June 26, 2024, are awaiting signature by the President of Ukraine. Among other things, the Nationalization Laws Amendments extend the definition of "residents" whose property in Ukraine (whether owned directly or indirectly) can be seized under the Nationalization Laws to include property owned by the Russian state, Russian citizens, other nationals with close relationships 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. Pursuant to the Nationalization Laws, in May 2023, President Zelensky signed an initial package of restrictive measures relating to 41 entities, including against Zaporizhstal, one of Ukraine's largest metallurgical companies, due to Russian ownership in the company's structure. 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.
- Furthermore, in November 2022, the Ukrainian government invoked martial law, which allows the Ukrainian 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.
- As noted above, on October 6, 2023, the Security Service of Ukraine (SSU) announced that the Ukrainian courts froze all "corporate rights" of Mikhail Fridman in 20 Ukrainian companies in which he holds a beneficial interest, while criminal proceedings against Mikhail Fridman and, which are unrelated to Kyivstar or VEON, are in progress. This announcement was incorrectly characterized by some Ukrainian media as a "seizure" or "freezing" of "Kyivstar's assets". On October 9, 2023, Ukrainian media further reported, with a headline which incorrectly identified Kyivstar, that the Ministry of Justice of Ukraine is separately finalizing a lawsuit in the Ukraine High Anti-Corruption Court to confiscate any Ukrainian assets of Mikhail Fridman. We have received notification from our local custodian that the following percentages of the corporate rights in our Ukrainian subsidiaries have been frozen: (i) 47.85% of Kyivstar, (ii) 100% of Ukraine Tower Company, (iii) 100% of Kyivstar.Tech, and (iv) 69.99% of Helsi Ukraine. The freezing of these corporate rights prevents any transactions involving our shares in such subsidiaries from proceeding.
- If further measures are adopted and applied in relation to our Ukrainian subsidiary, this could lead to the involuntary deconsolidation of our Ukrainian 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.

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

- As mentioned above, on October 9, 2023, the sale of our Russian operations was completed and VimpelCom was deconsolidated from the VEON Group. The sale of VimpelCom has sufficiently mitigated risks related to sanctions, trade restrictions, and export bans imposed against Russia as well as risks related to counter-sanctions imposed by Russia including Decree 302 and Decree 430. The sale of VimpelCom has also significantly reduced the VEON Group's exposure to cybersecurity attacks.
- 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.
- The Company has performed sensitivity analyses on the volatility of the Pakistani Rupee as well as other currencies in our operating markets with respect to the impact on our financial results and does not expect currency 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 continue to be in compliance and to evaluate any potential impact on the Company's financial performance, operations, and governance. Management has actively engaged with sanctions authorities where appropriate. Management is engaging with authorities in Ukraine to address any concerns they have about the ownership and management of Kyivstar and to provide all necessary assurances to confirm that Russian nationals, including any beneficial owners of LetterOne, do not participate in the management of Kyivstar nor are they able to derive any benefits from VEON's assets in Ukraine.
- On October 30, 2023, we announced that two appeals were filed with the relevant Kyiv courts, challenging the freezing of the corporate rights in Kyivstar and our subsidiary Ukraine Tower. Noting that corporate rights in Kyivstar and Ukraine Tower Company belong exclusively to VEON, and that their full or partial freezing or seizure directly violates the rights of VEON and its international debt and equity investors, VEON requested the lifting of the freezing of its corporate rights in Kyivstar and Ukraine Tower Company. In its filings, the Company also reiterated that any action aimed at the rights, benefits or funds of sanctioned individuals - the alleged reason for freezing of corporate rights as per the SSU statement - cannot legitimately be directed toward VEON or its subsidiaries. Sanctioned individuals do not own any shares in VEON or its subsidiaries; they cannot exercise any rights regarding VEON or any of its subsidiaries; are not a part of any VEON group company governance mechanisms, including boards; do not have the ability to control or influence decisions made by VEON or any of its subsidiaries; and do not derive any economic benefits from VEON or any of its operating companies. In December 2023, the Court of Appeals rejected VEON's appeals. On June 4, 2024, the CEO of VEON, in his capacity as a shareholder of VEON, filed a motion with Shevchenkivskiy District Court of Kyiv requesting cancellation of the freeze of corporate rights in the VEON group's subsidiary Ukraine Tower Company. On June 26, 2024, the motion was supplemented to request cancellation of the freezing of corporate rights in the VEON group's other Ukrainian subsidiaries: Kyivstar, Kyivstar.Tech and Helsi Ukraine. VEON is continuing significant government affairs efforts to protest our assets in Ukraine. Based on the above development, VEON assessed whether the court order and subsequent motions result in an event that VEON has lost control over its Ukrainian subsidiary ("Kyivstar") and concluded that, under the requirements of relevant reporting standards (IFRS 10, Consolidated financial Statements), VEON continues to control Kyivstar and as such, will continue to consolidate Kyivstar in these financial statements.
- Management actively monitors the Company's liquidity position, our 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 non-financial provisions in our debt agreements are met.
- On March 28, 2024, VEON announced that it repaid in full the outstanding balance of US$805 (principal, excluding accrued interest) and canceled its RCF, after paying the matured portion of US$250 in February 2024.
- As of March 14, 2024 and May 29, 2024, the Company appointed PwC Netherlands and UHY, respectively, for the audits of the Group's consolidated financial statements for the year ended December 31, 2023 for the ISA Audit and PCAOB Audit, respectively. As a result of the delay in appointing an external auditor, the Company is delayed in producing its audited consolidated financial statements for the year ended December 31, 2023, filing its annual report on Form 20-F with the SEC and filing its annual report with the Dutch Authority for the Financial Markets ("AFM") in connection with its Euronext listing. As a result of these expected delayed filings, the Company is not in compliance with its listing requirements after the applicable deadlines passed. The Company submitted a plan to regain compliance under the Listing Rules and on July 9, 2024, the Company announced that NASDAQ granted the Company an exception, enabling it to regain compliance with the Listing Rules by filing its 2023 annual report on Form 20-F on or before November 11, 2024. The Company confirms that it continues to work diligently, together with UHY and PwC Netherlands, in order to complete and file its 2023 Form 20-F and AFM Annual Report in the fourth quarter of 2024, respectively. Further, as a result of the consent solicitation, consent was obtained to extend the deadline for the provision of audited financial statements for the years ended 2023 and 2024 for both the Company and its subsidiary, VEON Holdings B.V., to the holders of the outstanding notes of VEON Holdings B.V. As such, the Company. Refer to Note 23 for further developments and details.

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 12 months after the date these interim 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 war and potential future imposed sanctions as well as potential new counter-sanctions, and given the possible future imposition of external administration over our 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.

As a U.S. SEC registrant, the Company is required to have its financial statements audited in accordance with Public Company Accounting Oversight Board ("PCAOB") standards. References in these IFRS financial statements to matters that may cast significant doubt about the Company's ability to continue as a going concern also raise substantial doubt as contemplated by the PCAOB standards.

25 SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgements, as well as estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgements, estimates and assumptions affects the amounts reported in these consolidated financial statements. 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.

The sources of uncertainty identified by the Group are described together with the applicable Note, as follows:

Significant accounting judgement / source of estimation uncertainty	Described in
Revenue recognition	Note 3
Deferred tax assets and uncertain tax positions	Note 8
Provisions and contingent liabilities	Note 7
Impairment of non-current assets	Note 11
Control over subsidiaries	Note 14
Depreciation and amortization of non-current assets	Note 12 and Note 13
Fair value of financial instruments	Note 16
Sale and lease back transactions	Note 12
Measurement of lease liabilities	Note 16

NEW STANDARDS AND INTERPRETATIONS

Adopted in 2023

A number of 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.

Not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on VEON financial statements in current or future reporting periods or on foreseeable future transactions.

26 CONDENSED SEPARATE FINANCIAL INFORMATION OF VEON LTD

Certain of the consolidated entities by VEON Ltd. are restricted from remitting funds in the form of cash dividends or loans by a variety of regulations, contractual or local statutory requirements.

Regulation S-X requires that condensed financial information of the registrant shall be filed when the restricted net assets of consolidated subsidiaries exceed 25% of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries means that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party.

The Company performed a test on the restricted net assets of consolidated subsidiaries and concluded the restricted net assets exceed 25% of the consolidated net assets of the Company as of December 31, 2023. As of December 31, 2023, VEON Ltd. had restricted net assets of 105%, compared to 303% in 2022, of total net assets. The Company was subject to restrictions on the up-streaming of dividend from Ukraine and Russia during 2022 owing to the ongoing war between Russia and Ukraine (refer Note 24 for further details). The decline in percentage when compared with 2022 is mainly associated with the completion of sale of the Russian operations during 2023 (Refer Note 10 for further details) that resulted in the decline of its restricted net asset for 2023. The main restriction for 2023 related to Ukraine operations owing to regulatory restriction as explained above and in Note 24, which includes the freezing of Kyivstar's corporate rights applied from October 6, 2023 by the Security Services of Ukraine. In addition, the devaluation of exchange rates in the countries in which VEON operates also lowered the book value of the consolidated net assets of the Company relative to its share of the restricted assets. Accordingly, separate condensed financial statements of VEON Ltd. have been prepared, in accordance with Rule 5-04 and Rule 12-04 of SEC Regulation S-X.

The separate condensed financial statements should be read in conjunction with the Company's consolidated financial statements and the accompanying notes thereto.

The separate condensed financial statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code. In accordance with the provisions of Article 362, paragraph 8, Title 9 of Book 2 of the Dutch Civil Code the accounting policies used are the same as those explained in the Notes to the Consolidated Financial Statements, prepared under IFRS, except for the accounting policy disclosed below.

The 'Equity' and 'Profit / (loss) for the year' shown in the separate condensed financial statements below are equal to the 'Equity' and 'Profit / (loss) for the year' which are attributable to the owners of the parent within the Company's consolidated financial statements.

Subsidiaries

Subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognized from the date on which control is transferred to the Company or its intermediate holding entities. They are de-recognized from the date that control ceases.

Investments in subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. If the valuation of a subsidiary based on the net asset value is negative, it will be stated at nil. If and insofar as the Company can be held fully or partially liable for the debts of the subsidiary or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

Newly acquired subsidiaries are initially recognized on the basis of the fair value of their identifiable net assets at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used.

The amount by which the carrying amount of the subsidiary has changed since the previous financial statements as a result of the net result achieved by the subsidiary is recognized in the income statement.

Condensed statement of financial position:

As of December 31

	2023	2022	2021
Non-current assets			
Intangible assets	3	5	6
Tangible fixed assets	2	2	3
Financial fixed assets	1,157	760	690
Total non-current assets	**1,162**	**767**	**699**
Total current assets	**116**	**78**	**119**
Total assets	**1,278**	**845**	**818**
Equity	865	569	586
Total liabilities	413	276	232
Total equity and liabilities	**1,278**	**845**	**818**

Condensed income statement:

for the years ended December 31

	2023	2022	2021
Selling, general and administrative expenses	(134)	(103)	(86)
Other operating gains	—	—	—
Recharged expenses to group companies	23	10	(11)
Operating (loss)	**(111)**	**(93)**	**(97)**
Finance income and (costs)	(6)	(1)	2
Share in result of subsidiaries after tax	(2,410)	(68)	773
Income tax	(1)	—	(4)
Total non-operating income and expenses	(2,417)	(69)	771
Profit / (loss) for the year	**(2,528)**	**(162)**	**674**

Condensed statements of comprehensive income:

for the years ended December 31

	2023	2022	2021
Total comprehensive (loss) / profit for the year, net of tax	—	—	—

Condensed statement of cash flows:

for the years ended December 31

	2023	2022	2021
Net cash flows from operating activities	**(104)**	**(108)**	**(27)**
Investing activities			
Receipt of capital surplus from a subsidiary	—	—	(1)
Other cash flows from investing activities	2	—	3
Net cash flows used in investing activities	**2**	**—**	**2**
Financing activities			
Proceeds from borrowings net of fees paid	100	60	—
Net cash flows generated from/(used in) financing activities	**100**	**60**	**—**
Net increase (decrease) in cash and cash equivalents	(2)	(48)	(25)
Cash and cash equivalents at beginning of period	6	54	79
Cash and cash equivalents at end of period	**4**	**6**	**54**

As of December 31, 2023, 2022 and 2021 there were no material contingencies, significant provisions of long-term obligations, mandatory dividend or redemption requirements of redeemable stocks or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

Amsterdam, October 17, 2024

VEON Ltd.