Special purpose
Consolidated financial statements

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

As of and for the year ended
December 31, 2022

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CONSOLIDATED INCOME STATEMENT

for the years ended December 31

(In millions of U.S. dollars)	Note	2022	2021*
Service revenues		3,600	3,690
Sale of equipment and accessories		28	35
Other revenues		127	125
Total operating revenues	3	**3,755**	**3,850**
Other operating income		2	1
Service costs		(448)	(451)
Cost of equipment and accessories		(28)	(36)
Selling, general and administrative expenses	4	(1,397)	(1,382)
Depreciation	12	(564)	(602)
Amortization	13	(218)	(190)
Impairment (loss) / reversal	11	115	(27)
Gain on disposal of non-current assets		3	11
(Loss) / gain on disposal of subsidiaries	9	94	—
Operating profit		**1,314**	**1,174**
Finance costs		(609)	(604)
Finance income		79	25
Other non-operating gain / (loss)	15	26	6
Net foreign exchange gain / (loss)		188	(4)
Profit before tax		**998**	**597**
Income taxes	8	(67)	(340)
Profit from continuing operations		**931**	**257**
Loss after tax from discontinued operations and disposals of discontinued operations	10	(739)	679
Profit for the period		**192**	**936**
Attributable to:			
The owners of the parent (continuing operations)		852	208
The owners of the parent (discontinued operations)		(814)	601
Non-controlling interest		154	127
		192	**936**

**Prior year comparatives for the year ended December 31, 2021 are 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)	**2022**	**2021**
Profit for the period	**192**	**936**
Items that may be reclassified to profit or loss		
Foreign currency translation	(486)	(200)
Reclassification of accumulated foreign currency translation reserve to profit or loss upon disposal of foreign operation	(266)	—
Other	—	(3)
Items that will not to be reclassified to profit or loss		
Other	6	—
Other comprehensive income / (loss) for the period, net of tax	**(746)**	**(203)**
Total comprehensive income / (loss) for the period, net of tax	**(554)**	**733**
Attributable to:		
The owners of the parent	160	648
Non-controlling interests	(714)	85
	(554)	**733**
Total comprehensive income / (loss) for the period, net of tax from:		
Continuing operations	404	128
Discontinued operations	(958)	605
	(554)	**733**

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	2022	2021
Assets			
Non-current assets			
Property and equipment	12	2,892	6,705
Intangible assets	13	1,953	3,220
Investments and derivatives	16	1,431	1,412
Deferred tax assets	8	273	227
Other assets	6	157	217
Total non-current assets		**6,706**	**11,781**
Current assets			
Inventories		18	111
Trade and other receivables	5	561	797
Investments and derivatives	16	592	456
Current income tax assets	8	70	70
Other assets	6	200	333
Cash and cash equivalents	17	3,077	2,170
Total current assets		**4,518**	**3,937**
Assets classified as held for sale	10	**5,796**	**1,882**
Total assets		**17,020**	**17,600**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	19	2,109	1,981
Non-controlling interests		198	913
Total equity		**2,307**	**2,894**
Non-current liabilities			
Debt and derivatives	16	5,382	9,397
Provisions	7	47	85
Deferred tax liabilities	8	36	115
Other liabilities	6	20	36
Total non-current liabilities		**5,485**	**9,633**
Current liabilities			
Trade and other payables		1,126	2,072
Debt and derivatives	16	3,171	1,535
Provisions	7	50	100
Current income tax payables	8	179	228
Other liabilities	6	453	746
Total current liabilities		**4,979**	**4,681**
Liabilities associated with assets held for sale	10	4,249	392
Total equity and liabilities		**17,020**	**17,600**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2022		**30,099,998**	**39**	**13,028**	**(2,626)**	**(1,729)**	**(6,731)**	**1,981**	**913**	**2,894**
Profit / (loss) for the period		—	—	—	—	38	—	38	154	192
Transfer to income statement on disposal of subsidiary		—	—	—	—	—	558	558	(824)	(266)
Other comprehensive income / (loss)		—	—	—	6	—	(442)	(436)	(44)	(480)
Total comprehensive income / (loss)		**—**	**—**	**—**	**6**	**38**	**116**	**160**	**(714)**	**(554)**
Dividends declared	20	—	—	—	—	—	—	—	(14)	(14)
(Distributions to) / capital contributions from parent		—	—	—	—	—	—	—	—	—
Acquisition of non-controlling interest		—	—	—	—	—	5	5	4	9
Other		—	—	—	(34)	(3)	—	(37)	9	(28)
As of December 31, 2022		**30,099,998**	**39**	**13,028**	**(2,654)**	**(1,694)**	**(6,610)**	**2,109**	**198**	**2,307**

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: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2021		**30,099,998**	**39**	**12,992**	**(2,392)**	**(2,537)**	**(6,573)**	**1,529**	**850**	**2,379**
Profit / (loss) for the period		—	—	—	—	809	—	809	127	936
Other comprehensive income / (loss)		—	—	—	(1)	(2)	(158)	(161)	(42)	(203)
Total comprehensive income / (loss)		**—**	**—**	**—**	**(1)**	**807**	**(158)**	**648**	**85**	**733**
Dividends declared	20	—	—	—	—	—	—	—	(89)	(89)
(Distributions to) / capital contributions from parent		—	—	36	—	—	—	36	—	36
Acquisition of non-controlling interest		—	—	—	(76)	—	—	(76)	69	(7)
Loan Novation	16	—	—	—	(150)	—	—	(150)	—	(150)
Other		—	—	—	(7)	1	—	(6)	(2)	(8)
As of December 31, 2021		**30,099,998**	**39**	**13,028**	**(2,626)**	**(1,729)**	**(6,731)**	**1,981**	**913**	**2,894**

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

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	2022	2021*
Operating activities			
Profit before tax		998	597
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		667	819
(Gain) / loss on disposal of non-current assets		(3)	(11)
(Gain) / loss on disposal of subsidiaries		(94)	—
Finance costs		609	604
Finance income		(79)	(25)
Other non-operating (gain) / loss		(26)	(6)
Net foreign exchange (gain) / loss		(188)	4
Changes in trade and other receivables and prepayments		(164)	(141)
Changes in inventories		(12)	(4)
Changes in trade and other payables		61	(67)
Changes in provisions, pensions and other		49	17
Interest paid	16	(499)	(532)
Interest received		40	24
Income tax paid		(284)	(274)
Net cash flows from operating activities from continuing operations		**1,075**	**1,005**
Net cash flows from operating activities from discontinued operations		**1,625**	**1,665**
Investing activities			
Purchase of property, plant and equipment		(616)	(680)
Purchase of intangible assets		(374)	(155)
Receipts from / (Payments) on deposits		(54)	(58)
Outflows on loans granted		(152)	(111)
Inflows on loans granted		1	46
Acquisition of a subsidiary, net of cash acquired		(16)	—
Proceeds from sales of share in subsidiaries, net of cash		40	—
Receipts from / (investment in) financial assets****		(22)	(43)
Other proceeds from investing activities, net		14	26
Net cash flows from / (used in) investing activities from continuing operations		**(1,179)**	**(975)**
Net cash flows from / (used in) investing activities from discontinued operations		**(599)**	**(202)**
Financing activities			
Proceeds from borrowings, net of fees paid **	16	2,087	2,055
Repayment of debt	16	(1,591)	(1,977)
Acquisition of non-controlling interest	16	—	(279)
Contributions from / (Distributions to) owners of the parent	20	—	—
Dividends paid to non-controlling interests		(11)	(17)
Net cash flows from / (used in) financing activities from continuing operations		**485**	**(218)**
Net cash flows from / (used in) financing activities from discontinued operations		**(340)**	**(552)**
Net increase / (decrease) in cash and cash equivalents		1,067	723
Net foreign exchange difference related to continued operations		(92)	(11)
Net foreign exchange difference related to discontinued operations		(22)	(5)
Cash and cash equivalents classified as discontinued operations/held for sale at the beginning of the period		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****		2,157	1,563
Cash and cash equivalents at end of period, net of overdraft * **	17	**3,077**	**2,157**

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

*** Fees paid for borrowings were US$11 (2021: US$32)*

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

***** Certain comparative amounts have been reclassified, refer to Note 23 for further details.*

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

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

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

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

The special purpose consolidated financial statements were authorized by the Board of Directors for issuance on June 29, 2023. The special purpose consolidated financial statements have been prepared to comply with reporting requirements to bond and note holders of the Company, and do not constitute statutory financial statements prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code.

The special purpose 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 amounts and as otherwise indicated.

Due to the ongoing conflict between Russia and Ukraine, material uncertainties have been identified that may cast significant doubt on the Company's ability to continue as a going concern which are discussed in detail in Note 23 of these consolidated financial statements.

Major developments during the year ended December 31, 2022

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 PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, VEON will receive consideration of RUB 130 billion (approximately US$1,900). The SPA contains provisions amongst others that in the event Vimpelcom acquires VEON Holdings B.V.'s debt in excess of the sales consideration, VEON will work with the purchasers to satisfy its obligations to them as a bondholder. The transaction is subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (United States, United Kingdom, European Union, and Bermuda) for the proposed structure of the sale. As of June 29, 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 and 2021 have been 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) (Omnium) 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$94 gain on disposal of VEON Georgia, which includes the recycling of currency translation reserve in the amount of US$78.

Financing activities

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 for US$1,250 (the "RCF") was extended for one year until March 2025; two banks did not agree to extend, as a result US$250 will mature at the original maturity date in March 2024 and US$ 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 cancelled and the total RCF size reduced from US$1,250 to US$1,055. The drawn portion from Alfa Bank (US$43) was subsequently repaid in April 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. As of December 31, 2022, the outstanding amounts have been rolled-over until April 2023, US$692, and May 2023, US$363. Subject to the terms set out in the RCF, these amounts can be rolled until the respective final maturities. Refer to Note-23 for further development.

Financing activities other than RCF

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

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 loan facility with VTB Bank with a floating rate. This facility was guaranteed by VEON Holding B.V. and had a maturity of February 2029. The proceeds from this facility were used for general corporate purposes, including the financing of intercompany loans to PJSC VimpelCom.

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

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 cancelled.

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

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

In April 2022, Banglalink signed a BDT 12 billion (US$139) syndicated loan with a five years maturity, with a proportion of the proceeds used to fully repay the existing loan of BDT 3 billion facility (US$38). Banglalink fully utilized the remaining BDT 3 billion (US$32) under its BDT syndicated loan facility in July, August and September 2022.

In March, April, May and June 2022, Kyivstar fully prepaid a UAH 1,350 million (US$46) loan with JSC CitiBank, a UAH 1,275 (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 (UAH 490 million (US$17).

Other developments

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

On February 24, 2022, a military conflict began between Russia and Ukraine and as of June 29, 2023, the conflict is still ongoing. Refer to Note 23 for further details.

On March 31, 2022, Banglalink acquired additional spectrum for a fee of US$205 payable in ten installments over eleven years, doubling its spectrum holding in Bangladesh. Banglalink acquired 40 MHz of spectrum from the 2,300 MHz band.

On April 12, 2022, Jazz signed a 2G/4G license renewal with the PTA for a fee of PKR 95 billion (US$486) for fifteen years, of which 50% has been settled, and the remaining amount will be paid in five equal annual installments.

On July 1, 2022 equity-settled awards in VEON Ltd. granted to key senior managers under the 2021 Deferred Shares Plan vested and on July 14, 2022, equity-settled awards granted to key directors under the 2021 Deferred Shares Plan vested. Subsequently, 2,659,740 shares in VEON Ltd. were transferred to key senior managers and directors from shares held by a subsidiary of VEON Ltd. during the three months ended September 30, 2022. Refer to Note 21 for further details.

On August 3, 2022, VEON announced that Banglalink has reached an agreement with Bangladesh Telecommunications Company Limited (BTCL) to share its tower infrastructures with Banglalink.

On September 23, 2022, the VEON Ltd. Board of Directors approved a share grant to the VEON Group Chief Executive Officer, Kaan Terzioglu under the 2021 Deferred Shares Plan with a grant date of October 1, 2022. On October 1, 2022 1,569,531 shares in VEON Ltd. were transferred to Kaan Terzioglu under the 2021 Deferred Shares Plan. Refer to Note 21 for further details.

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

On October 13, 2022, PMCL received a favorable decision from the Islamabad High Court regarding the outstanding litigation, the financial impact of which amounting to US$92 was recorded for the year ended December 31, 2022. Refer to Note 3 and Note 4 for further details.

On October 14, 2022, VEON invited the Note holders of the 2023 Notes to contact VEON Ltd. in order to engage in discussions with these Note holders, with the aim to maintain a stable capital structure in the longer-term. On November 24, 2022, VEON announced the launch of a scheme of arrangement in England (the "Scheme") via the issuance of a Practice Statement Letter to extend the maturity of the 5.95% notes due February 2023 and 7.25% notes due April 2023 issued by the Company (together, the "2023 Notes") by eight months from their respective maturity dates. On December 9, 2022, VEON issued a Supplemental Practice Statement Letter including an increase to the Amendment Fee as well as the inclusion of a put right (the "Put Right") requiring the Company to repurchase 2023 Notes in an aggregate amount of up to US$600. On December 26, 2022, VEON announced that the OFAC License was obtained for the Scheme meeting, which authorizes all noteholders (and their funds, fund managers, investment advisors or subadvisors), financial institutions, clearing and trading systems, trustees, paying and security agents, registrars, and other service providers, intermediaries, and third parties, to participate in (including, but not limited to, voting on) the Scheme, provided they are not precluded from doing so by law or regulation. Refer to Note 22 and Note 23 for further details.

On October 18, 2022, equity-settled awards in VEON Ltd. were granted to key senior managers under the 2021 Long-Term Incentive Plan. Refer to Note 21.

On November 1, 2022, A. Omiyinka Doris was appointed Acting Group General Counsel of VEON Ltd.

On November 18, 2022, VEON announced that the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") issued General License 54 authorizing all transactions ordinarily incident and necessary to the purchase and receipt of any debt or equity securities of VEON Ltd. that would otherwise be prohibited by section 1(a)(i) of Executive Order (E.O.) 14071. Refer to Note 22 and Note 23 for further details.

Changes to VEON Ltd. Board of Directors

On January 5, 2022, VEON Ltd. 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 Ltd. announced the resignation of Mikhail Fridman from the Board of Directors, effective from February 28, 2022.

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

On March 16, 2022, VEON Ltd. 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 Ltd. 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 of VEON Ltd., 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.

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 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 have, in line with the IFRS 5 requirements, been classified as a discontinued operation and accounted for as an "Asset held for sale". Following the exercise of the related put option on July 1, 2021, the Algerian operations were classified as a discontinued operation and accounted for as an "Asset held for sale", in line with the IFRS 5 requirements, and the sale of our stake in the Algerian operations was completed on August 5, 2022. Refer to Note 10 for further details.

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.

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	
	2022	**2021***	**2022**	**2021***	**2022**	**2021***
Pakistan**	1,285	1,408	654	643	258	318
Ukraine	971	1,055	575	704	177	203
Kazakhstan	636	569	321	307	122	134
Uzbekistan	233	194	124	89	64	34
Bangladesh	576	564	210	235	199	89
Others	66	81	26	41	16	25
HQ and eliminations	(12)	(21)	(26)	(37)	—	—
Total	**3,755**	**3,850**	**1,884**	**1,982**	**836**	**803**

**Prior year comparatives for the year ended December 31, 2021 are 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. 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:

	2022	2021*
Profit / (loss) before tax from continuing operations	**998**	**597**
Depreciation	564	602
Amortization	218	190
Impairment loss / (reversal)	(115)	27
(Gain) / loss on disposal of non-current assets	(3)	(11)
(Gain) / loss on disposal of subsidiaries	(94)	—
Finance costs	609	604
Finance income	(79)	(25)
Other non-operating (gain) / loss	(26)	(6)
Net foreign exchange (gain) / loss	(188)	4
Total Adjusted EBITDA	**1,884**	**1,982**

**Prior year comparatives for the year ended December 31, 2021 are 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							
	2022	2021*	2022	2021*	2022	2021*	2022	2021*	2022	2021*
Pakistan***	1,169	1,285	—	—	14	18	102	105	1,285	1,408
Ukraine	906	980	59	68	1	—	5	7	971	1,055
Kazakhstan	497	459	116	91	13	17	10	2	636	569
Uzbekistan	232	193	1	1	—	—	—	—	233	194
Bangladesh	566	553	—	—	—	—	10	11	576	564
Others	66	81	—	—	—	—	—	—	66	81
HQ and eliminations	(8)	(15)	(4)	(6)	—	—	—	—	(12)	(21)
Total	**3,428**	**3,536**	**172**	**154**	**28**	**35**	**127**	**125**	**3,755**	**3,850**

**Prior year comparatives for the year ended December 31, 2021 are 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, 2022	December 31, 2021
Contract balances		
Receivables (billed)	494	777
Receivables (unbilled)	37	49
Contract liabilities	(169)	(231)
Capitalized costs		
Customer acquisition costs	126	149

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 incurred in acquiring a contract with a customer (**“customer acquisition costs”**) 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:

	2022	2021*
Network and IT costs	490	476
Personnel costs	339	300
Customer associated costs	347	413
Losses on receivables	27	13
Taxes, other than income taxes	29	50
Other	165	130
Total selling, general and administrative expenses	**1,397**	**1,382**

**Prior year comparatives for the year ended December 31, 2021 are 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) in customer associated costs, relating 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:

	2022	2021
Trade receivables (gross)*	531	826
Expected credit losses	(84)	(159)
Trade receivables (net)	**447**	**667**
Other receivable, net of expected credit losses allowance	114	130
Total trade and other receivables	**561**	**797**

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

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

	2022	2021
Balance as of January 1	**159**	**225**
Accruals for expected credit losses	44	35
Recoveries	(6)	(9)
Accounts receivable written off	(64)	(28)
Reclassifications	(4)	—
Reclassification as held for sale	(28)	(56)
Foreign currency translation adjustment	(15)	(5)
Other movements	(2)	(3)
Balance as of December 31	**84**	**159**

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, 2022						
Expected loss rate, %	0.0%	0.6%	15.4%	27.6%	97.1%	
Trade receivables	37	356	39	29	70	**531**
Expected credit losses	—	(2)	(6)	(8)	(68)	**(84)**
Trade receivables, net	**37**	**354**	**33**	**21**	**2**	**447**
December 31, 2021						
Expected loss rate, %	0.0%	0.9%	3.7%	44.4%	95.7%	
Trade receivables	49	540	54	45	138	**826**
Expected credit losses	—	(5)	(2)	(20)	(132)	**(159)**
Trade receivables, net	**49**	**535**	**52**	**25**	**6**	**667**

ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables are measured at amortized cost and include invoiced 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:

	2022	2021
Other non-current assets		
Customer acquisition costs (see Note 3)	126	149
Tax advances (non-income tax)	7	33
Other non-financial assets	24	35
Total other non-current assets	**157**	**217**
Other current assets		
Advances to suppliers	51	99
Input value added tax	45	153
Prepaid taxes	50	24
Other assets	54	57
Total other current assets	**200**	**333**

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

	2022	2021
Other non-current liabilities		
Long-term deferred revenue (see Note 3)	10	20
Other liabilities	10	16
Total other non-current liabilities	**20**	**36**
Other current liabilities		
Taxes payable (non-income tax)	134	311
Short-term deferred revenue (see Note 3)	121	154
Customer advances (see Note 3)	38	57
Other payments to authorities	60	52
Due to employees	60	134
Other liabilities	40	38
Total other current liabilities	**453**	**746**

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, 2021	**86**	**141**	**14**	**10**	**251**
Arising during the year	19	31	4	2	56
Utilized	(11)	(1)	—	—	(12)
Unused amounts reversed	—	(19)	—	(15)	(34)
Reclassification as held for sale	—	(71)	(12)	—	(83)
Discount rate adjustment and imputed interest (change in estimate)	—	7	—	—	7
Translation adjustments and other	(6)	(3)	—	9	—
As of December 31, 2021	**88**	**85**	**6**	**6**	**185**
Non-current	—	85	—	—	**85**
Current	88	—	6	6	**100**
As of January 1, 2022	**88**	**85**	**6**	**6**	**185**
Arising during the year	4	1	—	1	**6**
Utilized	—	(2)	—	—	**(2)**
Unused amounts reversed	(20)	(6)	—	—	**(26)**
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	(8)	(9)	—	(3)	**(20)**
As of December 31, 2022	**49**	**43**	**2**	**3**	**97**
Non-current	4	43	—	—	**47**
Current	45	—	2	3	**50**

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, 2022 as set out below.

VAT on Replacement SIMs

SIM Cards Issued June 2009 to December 2011

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$75) 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"**), Bangladesh Telecommunication Regulatory Commission (**"BTRC"**), Association of Mobile Telecom Operators of Bangladesh (**"AMTOB"**) 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$74). 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$52) 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 Bangladesh 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 judgment with the High Court Division of the Supreme Court of Bangladesh. The appeal is pending.

SIM Cards Issued July 2012 to June 2015

On November 20, 2017, the LTU issued a final demand to Banglalink for BDT 1.69 billion (US$16) 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 judgment 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, 2022, the Company has recorded a provision, for the cases discussed above of, US$8 (2021: US$11).

Russian Bondholder's Claim

On July 5, 2022, the President of the Russian Federation issued Decree No. 430 ("Decree 430") which requires Russian legal entities with Eurobond obligations to ensure the local fulfillment of such obligations to Eurobond holders whose rights are recorded by the Russian depositories, e.g. NSD or Account Holders registered in the Russian Federation. On November 23, 2022, the Russian Central Bank issued clarifications in respect of Decree 430, claiming that it also applies to Russian legal entities and foreign issuers that are within the same group of companies. Several VEON Holdings B.V. bondholders in Russia have approached PJSC VimpelCom to locally satisfy VEON Holdings B.V.'s notes obligations and three legal proceedings have been lodged against PJSC VimpelCom in respect of VEON Holdings B.V.'s notes with a total potential impact of US$22. PJSC VimpelCom is defending these claims and has indicated it is disputing the applicability of Decree 430 to PJSC VimpelCom.

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 is currently subject to an extensive audit conducted by the Bangladesh Telecommunication Regulatory Commission ("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$76 million) which includes BDT 4,307 million (approximately US$40 million) 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. 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$289 (2021: US$442). 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:

	2022	2021
Current tax payable	46	70
Uncertain tax provisions	133	158
Total income tax payable	**179**	**228**

In addition to 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$193 (2021: US$158). 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 US$70 (2021: US$70).

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:

	2022	2021
Current income taxes		
Current year	268	269
Adjustments in respect of previous years	10	47
Total current income taxes	**278**	**316**
Deferred income taxes		
Movement of temporary differences and losses	(8)	40
Changes in tax rates	(4)	—
Changes in recognized deferred tax assets*	(162)	—
Adjustments in respect of previous years	(5)	(21)
Other	(32)	5
Total deferred tax expense / (benefit)	**(211)**	**24**
Income tax expense	**67**	**340**

****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%) (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:

	2022	2021	Explanatory notes
Profit / (loss) before tax from continuing operations	998	597	
Income tax benefit / (expense) at statutory tax rate (25.8%)	**(257)**	**(149)**	
Difference due to the effects of:			
Different tax rates in different jurisdictions	47	(4)	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, partially offset with profitability in countries with higher rate (i.e. Pakistan, Bangladesh).
Non-deductible expenses	(35)	(28)	The Group incurs certain expenses which are non-deductible in the relevant jurisdictions. In 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, as in previous years, such expenses included 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	9	(8)	The Group earns certain income which is non-taxable in the relevant jurisdiction. In 2022, non-taxable income is mainly driven by reversal of previously unrecognized management fees in Uzbekistan.
Adjustments in respect of previous years	(9)	(25)	In 2022, the effect of prior year adjustments mainly relates to tax return true-ups and introduction of 4% Super tax in Pakistan 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	162	(46)	Movements in (un)recognized deferred tax assets are primarily caused by tax losses and other credits for which no deferred tax asset has been recognized. This primarily occurs in 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. In addition, VEON Holdings was able to utilize part of unrecognized deferred tax assets of US$35 due to unrealized foreign exchange gains on intra-group receivables.
Withholding taxes	39	(68)	Withholding taxes are recognized to the extent that dividends from foreign operations are expected to be paid in the foreseeable future. In 2022, the net WHT benefit of US$39 comprising of reversal of WHT provided for as a deferred tax on outside basis during 2022 on the dividends planned to be paid out in 2023 mainly relating to Ukraine and Russia. In 2021, expenses relating to withholding taxes were primarily influenced by dividends from Pakistan, Ukraine and Uzbekistan.
Uncertain tax positions	(25)	(7)	The tax legislation in the markets in which VEON operates is unpredictable and gives rise to significant uncertainties (see 'Source of estimation uncertainty' below). During 2022, provisions were made for a dispute in Italy. The impact of movements in uncertain tax positions is presented net of any corresponding deferred tax assets recognized.
Change in income tax rate	4	—	Changes in tax rates impact the valuation of existing deferred tax assets and liabilities on temporary differences. In 2022, the statutory tax rate in Pakistan increased by 4% resulting in the total tax charge of 33%.
Other	(2)	(5)	In 2021, the amount of US$(5) relates to other various permanent differences.
Income tax benefit / (expense)	**(67)**	**(340)**	
Effective tax rate	**6.7%**	**57.0%**	

Deferred taxes

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

	2022	2021
Deferred tax assets	273	227
Deferred tax liabilities	(36)	(115)
Net deferred tax position	237	112

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)	(46)	35	27	(84)
Intangible assets	36	59	(13)	(23)	59
Trade receivables	32	(19)	7	2	22
Provisions	16	7	(7)	(1)	15
Accounts payable	90	32	(65)	(21)	36
Withholding tax on undistributed earnings	(98)	69	—	—	(29)
Tax losses and other balances carried forwards	2,093	31	(3)	(97)	2,024
Non-recognized deferred tax assets	(1,965)	68	—	78	(1,819)
Other	8	10	—	(5)	13
Net deferred tax positions	112	211	(46)	(40)	237

The following table shows the movements of net deferred tax positions in 2021:

		Movement in deferred taxes			
	Opening balance	Net income statement movement	Held for sale	Other movements	Closing balance
Property and equipment	(274)	31	101	42	(100)
Intangible assets	(14)	33	19	(2)	36
Trade receivables	43	7	(15)	(3)	32
Provisions	28	2	(6)	(8)	16
Accounts payable	140	9	(25)	(34)	90
Withholding tax on undistributed earnings	(60)	(39)	—	1	(98)
Tax losses and other balances carried forwards	1,690	44	1	358	2,093
Non-recognized deferred tax assets	(1,494)	(99)	—	(372)	(1,965)
Other	—	(12)	15	5	8
Net deferred tax positions	59	(24)	90	(13)	112

In 2021, a tower sale and subsequent lease transaction took place for which a deferred tax asset of US$146 was recorded in relation to the lease liability and a deferred tax liability of US$23 was recorded in relation to the Right of Use asset.

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, 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)	(6,296)	(7,149)
Non-recognized DTA	—	—	213	1,570	1,783
Other credits carried forwards expiry					
Recognized credits	(1)	(45)	—	—	(46)
Recognized DTA	1	45	—	—	46
Non-recognized credits	—	—	—	(141)	(141)
Non-recognized DTA	—	—	—	36	36

As of December 31, 2021	0-5 years	6-10 years	More than 10 years	Indefinite	Total
Tax losses expiry					
Recognized losses	(15)	—	—	(173)	(188)
Recognized DTA	3	—	—	50	53
Non-recognized losses	—	—	(707)	(6,536)	(7,243)
Non-recognized DTA	—	—	169	1,672	1,841
Other credits carried forwards expiry					
Recognized credits	(2)	(73)	—	—	(75)
Recognized DTA	2	73	—	—	75
Non-recognized credits	—	—	—	(519)	(519)
Non-recognized DTA	—	—	—	124	124

Losses mainly relate to our holding entities in Luxembourg (2022: US$6,776; 2021: US$6,431) and the Netherlands (2022: US$199; 2021: US$414).

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$29 (2021: US$98), 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, 2022, 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$6,105 (2021: US$7,403). 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 judgment 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 judgment 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 judgments due to uncertainty concerning the interpretation of the rules and any transitional rules.

Future legislative changes

In 2022, the Netherlands issued a draft bill relating to OECD Pillar 2 rules, which introduces a global minimum Effective Corporate Tax Rate of 15%. It will apply to multinational companies with consolidated revenues of EUR 750M or more in at least two out of the last four years. The legislation is not yet substantively enacted, however the Netherlands have expressed its full commitment to adopt the Pillar 2 framework as part of domestic legislation starting from the 1st of January 2024. Considering that VEON fulfills the above mentioned revenue criteria, it will be subject to these rules once they are enacted. Going forward, VEON will have to apply the Global OECD Anti-Base Erosion Model Rules to calculate its effective tax rate for each jurisdiction where it operates to see where the effective tax rate is below 15%. If this is the case, the Group will have to pay a top-up tax for the difference.

Currently the majority of VEON's operations are conducted in jurisdictions where the statutory income tax rates are higher than 15%. At the same time, there are few less material jurisdictions where VEON enjoys lower income tax rates based on local legislation or government incentives. At the moment we cannot reliably estimate the exact impact of Pillar 2 implementation.

INVESTING ACTIVITIES OF THE GROUP

9 SIGNIFICANT TRANSACTIONS

SIGNIFICANT TRANSACTIONS IN 2022

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 PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, VEON will receive consideration of RUB 130 billion (approximately US$1,900). The SPA contains provisions amongst others that in the event Vimpelcom acquires VEON Holdings B.V.'s debt in excess of the sales consideration, VEON will work with the purchasers to satisfy its obligations to them as a bondholder. The transaction is subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (United States, United Kingdom, European Union, and Bermuda) for the proposed structure of the sale. As of June 29, 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 remaining closing conditions to be satisfied are 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 and 2021 have been 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$94 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 conflict 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$486 recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

SIGNIFICANT TRANSACTIONS IN 2021

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 (refer to Note 10 for further discussion) 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. For further details on the total commitments at December 31, 2021, refer to Note 12.

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

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

PMCL Warid License Capitalization

The ex-Warid license renewal 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, 2022:

	Assets held-for-sale		Liabilities held-for-sale	
	2022	**2021**	**2022**	**2021**
Russia	5,793	—	4,249	—
Algeria	—	1,846	—	392
Ukraine towers	3	17	—	—
Other individual assets	—	19	—	—
Total assets and liabilities held for sale	**5,796**	**1,882**	**4,249**	**392**

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

	2022	**2021**
Russia	(161)	528
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	**(739)**	**679**

Announced sale of operations in Russia

On November 24, 2022, VEON entered into an agreement ("SPA") to sell VEON's Russian operations to certain senior members of the management team of PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, VEON will receive consideration of RUB 130 billion (approximately US$1,900 as of December 31, 2022). It is expected that the consideration will be paid primarily by VimpelCom taking on and discharging certain VEON Holdings B.V.'s debt, thus significantly deleveraging VEON's balance sheet. The SPA contains provisions amongst others that in the event Vimpelcom acquires VEON Holdings B.V.'s debt in excess of the sales consideration, VEON will work with the purchasers to satisfy its obligations to them as a bondholder. The transaction is subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (United States, United Kingdom, European Union, and Bermuda) for the proposed structure of the sale. As of June 29, 2023, Russian regulatory approvals have been obtained as well as the OFAC license and required authorizations from the United Kingdom and Bermudan authorities. The remaining closing conditions to be satisfied include any required license from the European Union or any required consent from VEON creditors in order to cancel the debt provided as consideration and/or complete the sale. Refer to Note 22 for further developments.

Given the approvals and licenses required, the completion of the sale could be influenced by the political situation in Russia as well as the subsequent responses from Western jurisdictions. However, as of entering into the SPA, management believes that the sale is highly probable and the transaction is expected to be completed in 2023. Therefore, as a result of the expected disposal, VEON has classified its Russian operations as held-for-sale and discontinued operations upon the signing of the agreement on November 24, 2022. In connection with this classification, the Company no longer accounts for depreciation and amortization expenses of the assets of its Russian operations. The results for Russia in the consolidated income statements and the consolidated statements of cash flows for 2022 and 2021 have been presented separately.

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

	2022
Property and equipment	3,941
Intangible assets excl. goodwill	356
Goodwill	617
Deferred tax assets	78
Other non-current assets	50
Inventories	113
Trade and other receivables	368
Other current assets*	270
Total assets held for sale	**5,793**
Non-current liabilities	
Debt and Derivatives - NCL	2,888
Other non current liabilities	64
Current liabilities	
Trade and other payables	708
Debt & Derivatives - CL	306
Other non-financial liabilities	283
Total liabilities held for sale	**4,249**

*This include cash and cash equivalent of US$146 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 Russian operations.

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

Net assets of the discontinued operations of Russia includes US$2,964 relating to cumulative currency translation losses as of December 31, 2022 which is accumulated in equity through other comprehensive income and will be recycled through the consolidated income statement upon the completion of the sale.

The following table shows the movements relating to Russian operations for the period ended December 31, 2022:

Net book value	**Property and equipment**	**Intangible assets excl. goodwill**	**Goodwill**
As of January 1, 2022	**4,013**	**278**	**1,084**
Additions	775	192	—
Disposals	(18)	(10)	4
Depreciation/amortization charge for the year	(947)	(130)	—
Reclassification as held for sale	(9)	—	—
Impairment	(5)	(2)	(445)
Transfers	—	17	—
Modifications of right-of-use assets	(166)	—	—
Translation adjustment	298	11	(26)
As of December 31, 2022	**3,941**	**356**	**617**

Total commitments related to the Russia operations pertaining to property, plant and equipment, intangible assets and other are US$528 (Less than 1 year: US$250, Between 1 and 5 years: US$91 and More than 5 years: US$187).

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

Income statement and statement of comprehensive income	2022	2021
Operating revenue	4,263	3,925
Operating expenses**	(3,976)	(3,408)
Other expenses	(424)	(76)
Profit / (loss) before tax for the period	(137)	441
Income tax benefit / (expense)	(24)	87
Profit / (loss) after tax for the period	(161)	528
Other comprehensive income / (loss)*	(29)	(10)
Total comprehensive income / (loss)	(190)	518

**Other comprehensive income relates to the foreign currency translation of discontinued operations.*
*** In 2022, operating expenses includes an impairment of US$446 (2021:Nil) against the carrying value of goodwill in Russia recorded in the first quarter.*

Russia impairment losses 2022

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

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

The above factors 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.

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

** Combined average 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 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 ("FVLCD") for Russian operations as of September 30, 2022 (date of the annual impairment test) was based on the expected sales proceeds from third party bids which have been substantiated by the share price consideration of RUB 130 billion (approximately US$1,900) 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 and 2021 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	286
Total liabilities disposed / held for sale	367	392

The following table shows the profit/(loss) 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 Algeria 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	823
Loss on sale before reclassification of foreign currency translation reserve	(25)
Reclassification of foreign currency translation reserve	(697)
Net loss on disposal of Algeria operations	**(722)**

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

Ukraine Tower Carve out

In June 2021, Kyivstar (a wholly owned subsidiary of VEON group) formalized the plan to carve out its tower related passive infrastructure to a newly incorporated entity, Ukraine Tower Holdings B.V. (an entity indirectly held by VEON Ltd. outside of VEON holdings group). All board approvals to form this carve out were obtained and accordingly the net book value of towers was classified as held for sale.

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 exist 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 it's 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 2022 are disclosed in Note 10, including any current or past impairment charges recorded for these CGUs.

Impairment losses / (reversals) in 2022

	Property and equipment	Intangible assets	Goodwill	Other	Total impairment
2022					
Bangladesh	(32)	(68)	—	—	(100)
Kyrgyzstan	(29)	(9)	—	(11)	(49)
Ukraine *	31	1	—	—	32
Other	3	(1)	—	—	2
	(27)	**(77)**	—	**(11)**	**(115)**

**This includes net impairment to property and equipment as a result of physical damage to sites in Ukraine caused by the ongoing conflict 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 in 2021

	Property and equipment	Intangible assets	Goodwill	Other	Total impairment
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 applicable country risk premium.

	Discount rate (local currency)	
	2022	**2021**
Pakistan	19.5 %	14.7 %
Bangladesh**	14.6 %	— %
Kazakhstan	13.8 %	9.4 %
Kyrgyzstan*	19.0 %	— %
Uzbekistan	15.8 %	11.8 %
Ukraine	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	
	2022	2021	2022	2021
Pakistan	12.0 %	4.8 %	4.0 %	5.5 %
Bangladesh	12.6 %	— %	3.5 %	— %
Kazakhstan	12.3 %	3.6 %	1.0 %	1.0 %
Kyrgyzstan	11.4 %	— %	3.0 %	— %
Uzbekistan	19.3 %	3.7 %	2.5 %	3.0 %
Ukraine	8.6 %	— %	1.0 %	— %

[1]The forecast period is the explicit forecast period of five years: for 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	
	2022	2021	2022	2021
Pakistan	40.9 %	43.6 %	40.0 %	42.0 %
Bangladesh	32.6 %	— %	36.3 %	— %
Kazakhstan	49.2 %	48.9 %	45.0 %	47.0 %
Kyrgyzstan	36.7 %	— %	33.7 %	— %
Uzbekistan	43.6 %	40.9 %	41.0 %	34.0 %
Ukraine	51.2 %	— %	50.0 %	— %

[1] The forecast period is the explicit forecast period of five years, for 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 period1 CAPEX as a percentage of revenue	
	2022	2021	2022	2021
Pakistan	15.8 %	22.0 %	16.0 %	20.0 %
Bangladesh	18.0 %	— %	17.0 %	— %
Kazakhstan	18.6 %	20.0 %	18.5 %	20.0 %
Kyrgyzstan	20.1 %	— %	23.0 %	— %
Uzbekistan	18.0 %	20.2 %	20.0 %	21.0 %
Ukraine	18.9 %	— %	20.0 %	— %

[1]*The forecast period is the explicit forecast period of five years: for 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 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, average revenue per user (**"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, 2021	**4,048**	**157**	**352**	**567**	**1,729**	**6,853**
Additions	47	2	18	1,559	755	**2,381**
Disposals*	(197)	(1)	(5)	(7)	(100)	**(310)**
Depreciation charge for the year	(990)	(19)	(125)	—	(408)	**(1,542)**
Reclassification as held for sale	(385)	(6)	(9)	(42)	(80)	**(522)**
Impairment	(12)	—	(1)	2	(2)	**(13)**
Transfers	1,416	16	182	(1,620)	(2)	**(8)**
Translation adjustment	(100)	—	(5)	(8)	(21)	**(134)**
As of December 31, 2021	**3,827**	**149**	**407**	**451**	**1,871**	**6,705**
Additions	67	7	23	659	585	**1,341**
Disposals	(41)	(1)	(4)	(10)	(15)	**(71)**
Depreciation charge for the year	(378)	(6)	(29)	—	(151)	**(564)**
Divestment and reclassification as held for sale **	(1,987)	(80)	(314)	(235)	(1,393)	**(4,009)**
Impairment	(35)	(2)	—	(2)	(4)	**(43)**
Impairment reversal	56	1	3	6	4	**70**
Transfers	522	5	14	(542)	(5)	**(6)**
Modifications of right-of-use assets	—	—	—	—	26	**26**
Translation adjustment	(355)	(13)	(15)	(42)	(132)	**(557)**
As of December 31, 2022	**1,676**	**60**	**85**	**285**	**786**	**2,892**
Cost	4,700	138	377	320	1,146	**6,681**
Accumulated depreciation and impairment	(3,024)	(78)	(292)	(35)	(360)	**(3,789)**

**This includes disposal of NTC as explained in Note 9.*

*** 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 2022 other than the 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 conflict between Russia and Ukraine (refer to Note 11).

During 2022, VEON acquired property and equipment in the amount of US$306 (2021: US$726), which were not paid for as of year-end.

Property and equipment pledged as security for bank borrowings amounts to US$688 as of December 31, 2022 (2021: US$919), 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, 2021	**1,440**	**284**	**5**	**1,729**
Additions	682	69	4	755
Disposals	(100)	—	—	(100)
Depreciation charge for the year	(321)	(84)	(3)	(408)
Reclassification as held for sale	(71)	(9)	—	(80)
Impairment	—	(2)	—	(2)
Transfers	(4)	2	—	(2)
Translation adjustment	(18)	(3)	—	(21)
As of December 31, 2021	**1,608**	**257**	**6**	**1,871**
Additions	573	12	—	585
Disposals	(12)	(3)	—	(15)
Depreciation charge for the year	(137)	(12)	(2)	(151)
Divestment and reclassification as held for sale	(1,175)	(216)	(2)	(1,393)
Impairment	(4)	—	—	(4)
Impairment reversal	—	4	—	4
Transfers	(4)	(1)	—	(5)
Modifications and reassessments	20	6	—	26
Translation adjustment	(126)	(6)	—	(132)
As of December 31, 2022	**743**	**41**	**2**	**786**
Cost	1,061	80	6	1,147
Accumulated depreciation and impairment	(318)	(39)	(4)	(361)

COMMITMENTS

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

	2022	**2021**
Less than 1 year	272	709
Between 1 and 5 years	—	62
More than 5 years	—	198
Total commitments	**272**	**969**

The above table for 2021 includes future lease commitments relating to the lease agreements between Russia and NTC (Less than 1 year: US$4, Between 1 and 5 years: US$61 and More than 5 years: US$198). For further details on this transaction, refer to Note 9 (Agreement between VEON and Service Telecom regarding the Sale of its Russian tower assets). For commitments pertaining to the Russian operations as of December 31, 2022, refer to Note 10.

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 radiotelephony 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	Telecommuni-cation licenses, frequencies & permissions	Software	Brands and trademarks	Customer relationships	Other intangible assets	Goodwill	Total
As of January 1, 2021	**921**	**292**	**117**	**116**	**14**	**2,682**	**4,142**
Additions	482	182	—	—	13	14	**691**
Disposals	(1)	(1)	—	—	1	(51)	**(52)**
Amortization charge for the year	(162)	(131)	8	(15)	(2)	—	**(302)**
Reclassification as held for sale	(34)	(9)	(73)	—	—	(1,034)	**(1,150)**
Impairment	(4)	(1)	—	—	—	—	**(5)**
Transfer	40	11	(39)	—	(6)	(7)	**(1)**
Translation adjustment	(40)	(1)	1	(3)	2	(62)	**(103)**
As of December 31, 2021	**1,202**	**342**	**14**	**98**	**22**	**1,542**	**3,220**
Additions	525	73	1	2	19	10	**630**
Disposals	(5)	(3)	—	—	—	—	**(8)**
Amortization charge for the year	(139)	(68)	(3)	(8)	—	—	**(218)**
Reclassification as held for sale	(84)	(150)	(2)	(21)	(21)	(1,084)	**(1,362)**
Impairment reversal	75	2	—	—	—	—	**77**
Transfer	—	3	—	—	(3)	—	**—**
Translation adjustment	(241)	(37)	(3)	(17)	(14)	(74)	**(386)**
As of December 31, 2022	**1,333**	**162**	**7**	**54**	**3**	**394**	**1,953**
Cost	*2,163*	*499*	*187*	*309*	*3*	*1,391*	***4,552***
Accumulated amortization and impairment	*(830)*	*(337)*	*(180)*	*(255)*	—	*(997)*	***(2,599)***

During 2022, there were no material changes in estimates related to intangible assets other than the reversal of impairment described in Note 11 of US$(77) (2021: US$5).

During 2022, VEON acquired intangible assets in the amount of US$266 (2021: US$171), which were not yet paid for as of year-end.

Additions for 2021 include capitalization of ex-Warid license in Pakistan amounting to US$384, please refer to Note 9 for further information.

GOODWILL

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

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.*

CGU*	December 31, 2021	Translation adjustment	Addition	Reclassification as held for sale	Disposal	Other	December 31, 2020
Russia**	1,084	(10)	14	—	(51)	—	1,131
Algeria	—	(19)	—	(1,034)	—	—	1,053
Pakistan	287	(30)	—	—	—	(7)	324
Kazakhstan	136	(4)	—	—	—	—	140
Uzbekistan	35	1	—	—	—	—	34
Total	**1,542**	**(62)**	**14**	**(1,034)**	**(51)**	**(7)**	**2,682**

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

*** In 2021, VEON acquired a majority stake in OTM, a technology platform for the automation and planning of online advertising and IBS DataFort, a cloud IT infrastructure provider in Russia.*

COMMITMENTS

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

	2022	2021
Less than 1 year	13	58
Total commitments	**13**	**58**

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	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 2022	Equity interest held by the Group 2021
PJSC VimpelCom	Russia	Operating	100.0 %	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 %
LLC “VEON Georgia”	Georgia	Operating	— %	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 %
Omnium Telecom Algérie S.p.A.*	Algeria	Holding	— %	45.6 %
Optimum Telecom Algeria S.p.A.*	Algeria	Operating	— %	45.6 %
Pakistan Mobile Communications Limited	Pakistan	Operating	100.0 %	100.0 %
Banglalink Digital Communications Limited	Bangladesh	Operating	100.0 %	100.0 %

* Until the date sale of Algeria on August 5, 2022, the Group had concluded that it controls Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A, see ‘Significant accounting judgments' below for further details.

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$ 229 (2021: US$1,033).

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		Book values of material NCIs		Profit / (loss) attributable to material NCIs	
	2022	2021	2022	2021	2022	2021
LLP “KaR-Tel” (“Kar-Tel”)	25.0 %	25.0 %	85	96	31	29
Omnium Telecom Algérie S.p.A. (“OTA”)	— %	54.4 %	—	732	21	29

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

Summarized income statement

	Kar-Tel	
	2022	**2021**
Operating revenue	571	529
Operating expenses	(403)	(370)
Other (expenses) / income	(12)	(9)
Profit / (loss) before tax	156	150
Income tax expense	(33)	(32)
Profit / (loss) for the year	**123**	**118**
Total comprehensive income / (loss)	**123**	**118**
Attributed to NCIs	31	29
Dividends paid to NCIs	—	—

Summarized statement of financial position

	Kar-Tel	
	2022	**2021**
Property and equipment	327	300
Intangible assets	178	213
Other non-current assets	39	28
Trade and other receivables	34	29
Cash and cash equivalents	43	46
Other current assets	27	33
Debt and derivatives	(97)	(102)
Provisions	(9)	(6)
Other liabilities	(204)	(158)
Total equity	338	383
Attributed to:		
Equity holders of the parent	253	287
Non-controlling interests	85	96

Summarized statement of cash flows

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

SIGNIFICANT ACCOUNTING JUDGMENTS

Control over subsidiaries

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

The Group concluded that up until the completion of sale of the Algerian operations on August 5, 2022, it controlled Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A even though its subsidiary, Global Telecom Holding S.A.E. owned less than 50% of the ordinary shares. This was because the Company could exercise operational control through terms of a shareholders' agreement. Our partner in Algeria could acquire our shares at fair market value under call option arrangements exercisable solely at its discretion between October 1, 2021 and December 31, 2021. Concurrently, we had a right to require our partner in Algeria to acquire our shares under put option arrangements exercisable solely at our discretion between July 1, 2021 and September 30, 2021. 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). The sale transaction was completed on August 5, 2022 and control of Algeria was transferred to our partner. Both option arrangements did not have any impact on our ability to consolidate Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A.

FINANCING ACTIVITIES OF THE GROUP

15 OTHER NON-OPERATING GAIN / (LOSS)

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

	2022	2021*
Ineffective portion of hedging activities	—	3
Change of fair value of other derivatives	10	(4)
Gain /(loss) from money market funds	29	7
Other gains / (losses)	(13)	—
Other non-operating gain / (loss), net	**26**	**6**

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

16 INVESTMENTS, DEBT AND DERIVATIVES

INVESTMENTS AND DERIVATIVES

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

	Carrying value	
	2022	**2021**
At fair value		
Other investments	21	—
	21	**—**
At amortized cost		
Loans granted to subsidiaries of the ultimate parent	1,876	1,720
Security deposits and cash collateral	63	49
Other investments	63	99
	2,002	**1,868**
Total investments and derivatives	**2,023**	**1,868**
Non-current	1,431	1,412
Current	592	456

Other Investments

Other investments at fair value are measured at fair value through other comprehensive income and relate to investments held in Pakistan (US$21).

Other investments at amortized cost include a US$54 loan granted by VIP Kazakhstan Holdings to minority shareholder Crowell Investments Limited.

Loans granted to subsidiaries of the ultimate parent include Loans to VEON Amsterdam B.V. amounting US$1,471 (including principal and interest) at December 31, 2022, are callable on demand. The amounts receivable accrue interest at a variable rate of LIBOR +0.4%. As of December 31, 2022, the Company did not expect to call the loan or collect repayments within 12 months following the balance sheet date. In February 2021, the Company entered into a deed of amendment with VEON Amsterdam B.V. to extend the term of this facility by a further 3 years, with an automatic 12 month extension option with maximum up to August 2024.

DEBT AND DERIVATIVES

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

	Carrying value	
	2022	**2021**
At fair value		
Derivatives not designated as hedges	—	4
Derivatives designated as net investment hedges	—	4
	—	**8**
At amortized cost		
Principal amount outstanding	6,670	7,569
Interest accrued	102	86
Discounts, unamortized fees, hedge basis adjustment	(8)	(14)
Bank loans and bonds	6,764	7,641
Loans received from subsidiaries of the ultimate parent	305	302
Lease liabilities	875	2,691
Other financial liabilities	609	290
	8,553	**10,924**
Total debt and derivatives	**8,553**	**10,932**
Non-current	5,382	9,397
Current	3,171	1,535

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 2022	2021
VEON Holdings B.V.	Notes	PJSC VimpelCom	USD	7.50%	2022	—	417
VEON Holdings B.V.	Loan	None	RUB	CBR Key Rate + 1.85%	2022	—	404
VEON Holdings B.V.	Notes	None	USD	5.95%	2023	529	529
VEON Holdings B.V.	Revolving Credit Facility	None	USD	SOFR + 1.70%	2023	692	—
VEON Holdings B.V.	Notes	None	USD	7.25%	2023	700	700
VEON Holdings B.V.	Revolving Credit Facility	None	USD	SOFR + 1.70%	2023	363	—
VEON Holdings B.V.	Notes	None	USD	4.95%	2024	533	533
VEON Holdings B.V.	Notes	None	USD	4.00%	2025	1,000	1,000
VEON Holdings B.V.	Notes	None	RUB	6.30%	2025	284	269
VEON Holdings B.V.	Notes	None	RUB	6.50%	2025	143	135
VEON Holdings B.V.	Notes	None	RUB	8.13%	2026	284	269
VEON Holdings B.V.	Notes	None	USD	3.38%	2027	1,250	1,250
VEON Finance Ireland DAC	Loan	VEON Holdings	RUB	CBR Key Rate + 1.90% to 2.15%	2022	—	807*
VEON Finance Ireland DAC	Loan	VEON Holdings	RUB	10.10%	2022	—	404 *
PMCL	Loan	None	PKR	6M KIBOR + 0.35%	2022	—	24
PMCL	Loan	None	PKR	6M KIBOR + 0.55%	2026	212	272
PMCL	Loan	None	PKR	3M KIBOR + 0.55%	2028	22	28
PMCL	Loan	None	PKR	6M KIBOR + 0.55%	2028	66	85
PMCL	Loan	None	PKR	3M KIBOR + 0.60%	2031	221	57
PMCL	Loan	None	PKR	6M KIBOR + 0.60%	2032	132	—
PJSC Kyivstar	Loan	None	UAH	NBU Key rate + 3.00%	2022	—	61
PJSC Kyivstar	Loan	VEON Holdings	UAH	NBU Key rate + 3.50%	2022	—	47
PJSC Kyivstar	Loan	VEON Holdings	UAH	Treasury Bill Rate + 3.00%	2022	—	50
PJSC Kyivstar	Loan	None	UAH	10.15% to 11.00%	2023-2025	59	97
Banglalink	Loan	None	BDT	Average bank deposit rate + 4.25%	2022	—	46
Banglalink	Loan	None	BDT	Average bank deposit rate + 4.25%	2027	110	—
	Other bank loans and bonds					70	85
	Total bank loans and bonds					**6,670**	**7,569**

**During 2022 these loans were novated to PJSC VimpelCom and are part of Liabilities associated with assets held for sale.*

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, 2021	**7,755**	**1,894**	**9,649**
Cash flows			
Proceeds from borrowings, net of fees paid	2,054	—	**2,054**
Repayment of debt	(1,857)	(340)	**(2,197)**
Interest paid	(462)	(147)	**(609)**
Proceeds from borrowings relating to Russia discontinued operations	9		
Repayment of debt relating to Russia discontinued operations	(272)		
Interest paid relating to Russia discontinued operations	(10)		
Non-cash movements			
Interest and fee accruals	513	144	**657**
Lease additions, disposals, impairment and modifications	—	1,270	**1,270**
Held for sale - Note 10	—	(122)	**(122)**
Foreign currency translation	(67)	(8)	**(75)**
Other non-cash movements	(22)	—	**(22)**
Balance as of December 31, 2021	**7,641**	**2,691**	**10,332**
Cash flows			
Proceeds from borrowings, net of fees paid	2,087	—	**2,087**
Repayment of debt	(1,455)	(136)	**(1,591)**
Interest paid	(417)	(66)	**(483)**
Non-cash movements			
Interest and fee accruals	399	60	**459**
Lease additions, disposals, impairment and modifications	—	628	**628**
Held for sale - Note 10	(10)	(2,134)	**(2,144)**
Foreign currency translation	(415)	(161)	**(576)**
Reclassification related to bank loans and bonds	(1,064)	—	**(1,064)**
Other non-cash movements	(2)	(7)	**(9)**
Balance as of December 31, 2022	**6,764**	**875**	**7,639**

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 PJSC 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 cancelled.

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

In February 2022, the maturity of the multi-currency revolving credit facility originally entered into in March 2021 (the "RCF") was extended for one year until March 2025; two banks did not agree to extend as a result 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 cancelled and the total RCF size reduced from US$1,250 to US$1,055. The drawn portion from Alfa Bank (US$43) was subsequently repaid in April 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, Pakistan Mobile Communication Limited ("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 PJSC 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 PJSC VimpelCom, resulting in the former borrower, VEON Finance Ireland DAC, and the former guarantor, VEON Holdings B.V., having been released from their obligations. 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 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 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.

Novation of VC-ESOP loan from Luxembourg Finance S.A. to VEON Amsterdam B.V.

In August 2021, VEON Luxembourg Finance S.A and VEON Amsterdam B.V. signed a transfer deed whereby VEON Luxembourg Finance S.A. (a subsidiary of the Company) transferred the rights and all obligation relating to loan receivable from VC-ESOP (a subsidiary of the ultimate parent company) for US$150 to VEON Amsterdam B.V. for a consideration of one US dollar and was considered as deemed dividend for these financials.

Global Medium Term Note Programme

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 Programme with a Programme 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 PJSC Vimpel-Com.

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 PJSC Vimpel-Com.

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, 2022, 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, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$6,142 (2021: US$7,986); and
- 'Lease liabilities', for which fair value has not been determined.

As of December 31, 2022 and December 31, 2021, 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, 2022 and 2021 relate to changes in fair value, which are unrealized, and are recorded in “Other non-operating gain / (loss)” 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, 2022 and 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements with the exception of our RUB denominated bonds for which quoted market prices were not available due to the ongoing conflict between Russia and Ukraine. The fair value of such bonds was calculated based on Level 3 inputs as compared to Level 1 inputs in 2021.

HEDGE ACCOUNTING

The following table sets out the Company's hedging instruments designated as net investment hedges as of December 31:

Hedging instruments *	Designated rate	Excluded component	Hedged item	Currency	Aggregated designated nominal value of hedged items, million	
					2022	2021
Foreign currency forward contracts	Forward	foreign currency basis spread	PJSC VimpelCom	RUB	—	6,986 **

** Refer to the Debt and Derivatives section above in this Note for information regarding the carrying amounts of the hedging instruments.*

*** Hedging instruments had a weighted average term to maturity of less than 1 year as of December 31, 2021.*

There is an economic relationship between the hedged net investments and the hedging instruments due to the translation risk inherent in the hedged items that matches the foreign exchange risk of the hedging instruments. The hedge ratio for each of the above relationships was set at 1:1 as the underlying risk of the hedging instruments is identical to the hedged risk and the nominal value of hedging instruments has not exceeded the amounts of respective net investments. Hedge ineffectiveness might arise from:

- the value of a net investment falling below the related designated nominal value of the hedging instrument, or
- counterparties' credit risk impacting the hedging instrument but not the hedged net investment.

During the periods covered by these consolidated financial statements, the amount of ineffectiveness was immaterial.

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	Cost of hedging reserve **
As of January 1, 2021	**(6,573)**	**1**
Foreign currency revaluation of the foreign operations and other	(140)	—
Effective portion of foreign currency revaluation of the hedging instruments *	(18)	—
Change in fair value of foreign currency basis spreads	—	2
Amortization of time-period related foreign currency basis spreads	—	(3)
As of December 31, 2021	**(6,731)**	**—**
Foreign currency revaluation of the foreign operations	121	—
Effective portion of foreign currency revaluation of the hedging instruments *	—	—
Change in fair value of foreign currency basis spreads	—	—
Amortization of time-period related foreign currency basis spreads	—	—
Other movements in foreign currency translation reserve	—	—
As of December 31, 2022	**(6,610)**	**—**

** Amounts represent the changes in fair value of the hedging instruments and closely approximate the changes in value of the hedged items used to recognize hedge ineffectiveness.*

*** Movements in the cost of hedging reserve are included within "Other" in respective section of statement of other comprehensive income.*

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. 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.

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.

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 judgment is required in establishing fair values. The judgments 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 judgment 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:

	2022	2021
Cash and cash equivalents at banks and on hand	898	1,403
Cash equivalents with original maturity of less than three months	2,179	767
Cash and cash equivalents*	**3,077**	**2,170**
Less overdrafts	—	(13)
Cash and cash equivalents, net of overdrafts, as presented in the consolidated statement of cash flows	**3,077**	**2,157**

* Cash and cash equivalents include an amount of US$67 relating to banking operations in Pakistan.

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

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, 2021 US$71 was considered restricted and included in cash and cash equivalent balances and as of December 31, 2022, US$122 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$1,950 (2021: US$397), which are carried at fair value through profit or loss with gains presented within 'Other non-operating gain / (loss)' within the consolidated income statement.

Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as debt and derivatives within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows. 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, supported by its Finance Committee, 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, 2022, approximately 69% of the Company's borrowings are at a fixed rate of interest (2021: 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) and equity (due to application of hedge accounting or existence of quasi equity loans). The Company's exposure to foreign currency changes for all other currencies is not material.

	Effect on profit / (loss) before tax		**Effect on other comprehensive income**	
Change in foreign exchange rate against US$	10% depreciation	10% appreciation	10% depreciation	10% appreciation
2022				
Russian Ruble	(5)	6	—	—
Bangladeshi Taka	(34)	37	—	—
Pakistani Rupee	(15)	17	—	—
Ukrainian Hryvnia	(1)	1	—	—
Other currencies (net)	—	(1)	—	—
2021				
Russian Ruble	18	(24)	9	(10)
Bangladeshi Taka	(30)	33	—	—
Pakistani Rupee	(3)	4	—	—
Georgian Lari	(37)	41	—	—
Ukrainian Hryvnia	(1)	1	—	—
Other currencies (net)	(5)	5	—	—

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, 2022 and 2021, 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 23 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, 2022 and 2021 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, 2022, 39% of the Company's debt (2021: 11%) 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 23.

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
2022							
PMCL - Term Facility	Apr 2023	PKR 40,000	PKR 30,000	PKR 10,000	176	132	44

	Amounts in millions of transactional currency				US$ equivalent amounts		
	Final availability period	Facility amount	Utilized	Available	Facility amount	Utilized	Available
2021							
VEON Holdings B.V. – Revolving Credit Facility*	Feb 2024	US$1,250	—	US$1,250	1,250	—	1,250
PMCL - Term Facility	Jun 2022	PKR 50,000	PKR 10,000	PKR 40,000	283	57	226
TNS -Plus LLC - Term Facilities	Oct 2023	KZT 4,000	KZT 2,783	KZT 1,217	9	6	3

**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, 2022 and 2021, 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, 2022					
Bank loans and bonds	2,796	2,671	2,013	351	7,831
Loans from related parties	312	—	—	—	312
Lease liabilities	235	396	306	390	1,327
Derivative financial liabilities					
Gross cash inflows	—	—	—	—	—
Gross cash outflows	—	—	—	—	—
Trade and other payables	1,126	—	—	—	1,126
Other financial liabilities	176	322	142	52	692
Total financial liabilities	4,645	3,389	2,461	793	11,288
Related derivatives financial assets					
Gross cash inflows	—	—	—	—	—
Gross cash outflows	—	—	—	—	—
Related derivative financial assets	—	—	—	—	—
Total financial liabilities, net of derivative assets	**4,645**	**3,389**	**2,461**	**793**	**11,288**

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2021					
Bank loans and bonds	1,047	3,169	3,652	1,393	9,261
Loan from related parties	306	—	—	—	306
Lease liabilities	609	1,084	744	737	3,174
Derivative financial liabilities					
Gross cash inflows	—	—	—	—	—
Gross cash outflows	8	—	—	—	8
Trade and other payables	2,072	—	—	—	2,072
Other financial liabilities	120	144	21	15	300
Put option liability	—	—	—	—	—
Total financial liabilities	4,162	4,397	4,417	2,145	15,121
Related derivatives financial assets					
Gross cash inflows	—	—	—	—	—
Gross cash outflows	—	—	—	—	—
Related derivative financial assets	—	—	—	—	—
Total financial liabilities, net of derivative assets	**4,162**	**4,397**	**4,417**	**2,145**	**15,121**

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, 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 2022, 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 two of its major markets, Ukraine and Russia, and due to other geopolitical and foreign exchange pressures effecting emerging markets more generally. Furthermore, the ongoing conflict 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 entered into an agreement to sell its Russian Operations and implemented the Scheme to manage certain of its indebtedness and to help address the unprecedented challenges the Group faced in 2022 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 the credit facilities of the Company. For our RCF facility the Net Debt to Adjusted EBITDA ratio is calculated at consolidated level of VEON Ltd. and is "pro-forma" adjusted for acquisitions and divestment of any business bought or sold during the relevant period. Under these credit facilities, the Company is required to maintain the Net Debt to Adjusted EBITDA ratio at or below 3.75x (on the basis of the so called "GAAP freeze" principle). The Company has not breached any 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:

	2022	2021
Authorized common shares (nominal value of EUR 1 per share)	70,000,000	70,000,000
Issued and outstanding shares	30,099,998	30,099,998

As of December 31, 2022, the Company had 70,000,000 authorized common shares (2021: 70,000,000) with a nominal value of EUR 1 per share, of which 30,099,998 shares were issued, outstanding and are fully paid-up (2021: 30,099,998).

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 DIVIDENDS PAID AND PROPOSED

There were no dividends declared by the Company in respect of the year 2022.

DIVIDENDS DECLARED TO NON-CONTROLLING INTERESTS

During 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	2022	2021
Omnium Telecom Algeria S.p.A	—	44
VIP Kazakhstan Holding AG	—	27
TNS Plus LLP	—	8
Other	14	10
Total dividends declared to non-controlling interests	**14**	**89**

ADDITIONAL INFORMATION

21 RELATED PARTIES

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

The following table provides the total amount of transactions that have been entered into with related parties and their affiliates for the years ended December 31:

	2022	2021
Finance income	48	12
Net gain on transfer of towers to Ukraine Tower Company	4	**4**
	52	**16**
Services from		
VEON Wholesale Services B.V.	—	2
VEON Ltd.	—	(15)
Finance cost	(34)	12
	(34)	**(1)**

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

	2022	2021
Accounts receivable due from		
VEON Ltd.	84	98
VEON Amsterdam B.V.	18	—
Others	9	21
Financial asset receivable from		
VEON Ltd.	60	—
VEON Amsterdam B.V.	1,401	1,361
VEON Digital Amsterdam B.V.	300	300
Ukraine Tower Company	13	—
VEON Ventures BV	—	12
VEON Digital limited	26	16
Interest accrued	76	43
	1,987	**1,851**
Accounts payable to related parties		
VEON Ltd.	41	40
VEON Ventures BV	4	—
Others	35	32
Financial liabilities to related parties		
VEON Digital Amsterdam B.V.	300	300
Ukraine Tower Company	125	77
Interest accrued	5	2
	510	**451**

COMPENSATION TO DIRECTORS AND SENIOR MANAGERS OF THE COMPANY

VEON Holdings B.V, and its consolidated subsidiaries are part of the VEON Group and their operations are managed by the Members of the Board of Directors of VEON Ltd. (i.e. the ultimate parent company). Consequently, the Company considers the Board of Directors of VEON Ltd. together with the directors of the Company, Group Chief Executive Officer, Group Chief Financial Officer and Group General Counsel to be the key management personnel, as defined by IAS 24, Related Party Disclosures and finds it appropriate to disclose the compensation of the key management of the VEON Group. The statutory directors of VEON Holdings B.V. are Kaan Terzioğlu, Jochem Benjamin Postma and Paulus (Paul) Klaassen.

The following table sets forth the total compensation to our directors and senior managers, who are considered to be key management of the company:

	2022	2021
Short-term employee benefits	23	39
Long-term employee benefits	—	—
Share-based payment*	9	9
Termination benefits	—	7
Total compensation to the Board of Directors and senior management**	**32**	**55**

**Share-based payment in 2022 and 2021 represent the expense under the Deferred Shares Plan, Short-Term Incentive Scheme (share awards), and Long-Term Incentive Plan, 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 a determination that the chief executive officers of our operating companies should no longer be classified as senior managers. As a result, for 2022 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 2022 and 2021.*

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

Compensation of VEON Ltd. 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 VEON Ltd. 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**	Victor Biryukov Group General Counsel**	Omiyinka Doris Acting Group General Counsel**	Joop Brakenhoff Group Chief Internal Audit & Compliance Officer	Michael Schulz Group Chief People Officer	Dmitry Shvets Group Head of Portfolio Management	Matthieu Galvani Chief Corporate Affairs Officer	Alex Bolis Group Head of Corporate Development, Communications and Investor Relations	Sergio Herrero Former Co-GCEO**	Ursula Burns Former Group CEO**	Murat Kirkgoz Former Deputy Group CFO**	Alex Kazbegi Former Chief Strategy Officer	Scott Dresser Former Group General Counsel**
2022														
Short-term employee benefits														
Base salary	1,323,000	1,296,000	645,865	77,583	540,000	565,000	647,070	150,000	187,500	—	—	—	—	—
Annual incentive	1,035,891	712,800	343,556	52,644	297,000	310,750	350,585	83,178	204,555	—	—	—	—	—
Other	205,350	1,806,342	814,770	11,550	542,362	500,205	693,232	—	366,168	—	—	—	—	—
Long-term employee benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	3,392,793	981,490	105,710	—	654,502	482,768	436,981	36,434	187,704	—	—	—	—	—
Termination benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total remuneration expense *	**5,957,034**	**4,796,632**	**1,909,901**	**141,777**	**2,033,864**	**1,858,723**	**2,127,868**	**269,612**	**945,927**	**—**	**—**	**—**	**—**	**—**
2021														
Short-term employee benefits														
Base salary	1,323,000	1,296,000	—	—	540,000	237,741	365,854	—	272,448	628,199	—	—	143,100	1,300,000
Annual incentive	1,695,094	1,192,320	—	—	496,800	197,107	372,351	—	239,754	623,036	—	—	128,437	1,300,000
Other	205,350	1,276,225	—	—	96,600	27,862	11,271	—	77,000	5,512,172	—	—	143,936	1,013,859
Long-term employee benefits	166,518	—	—	—	—	—	—	—	—	(144,764)	—	—	—	—
Share-based payments	2,158,098	1,066,672	—	—	467,471	469,127	491,760	—	330,726	(60,701)	(103,954)	(26,417)	—	277,390
Termination benefits	—	—	—	—	—	—	—	—	—	2,936,759	—	—	579,675	2,625,000
Total remuneration expense *	**5,548,060**	**4,831,217**	**—**	**—**	**1,600,871**	**931,837**	**1,241,236**	**—**	**919,928**	**9,494,701**	**(103,954)**	**(26,417)**	**995,148**	**6,516,249**

** Total remuneration expense for 2022 excludes accrued payroll taxes of EUR0 million (US$0) (2021: EUR-3 million (US$-3) recorded in 'Selling, general and administrative expenses' incurred by the Company pertaining to payments made to Ursula Burns.*

*** Considered to be key management personnel as defined in IAS 24 Related Party Disclosures.*

In whole US dollars	**Kaan Terzioglu** Group CEO**	**Serkan Okandan** Group CFO**	**Victor Biryukov** Group General Counsel**	**Omiyinka Doris** Acting Group General Counsel**	**Joop Brakenhoff** Group Chief Internal Audit & Compliance Officer	**Michael Schulz** Group Chief People Officer	**Dmitry Shvets** Group Head of Portfolio Management	**Matthieu Galvani** Chief Corporate Affairs Officer	**Alex Bolis** Group Head of Corporate Development, Communications and Investor Relations	**Sergio Herrero** Former Co-GCEO	**Ursula Burns** Former Group CEO**	**Murat Kirkgoz** Former Deputy Group CFO**	**Alex Kazbegi** Former Chief Strategy Officer	**Scott Dresser** Former Group General Counsel**
2022														
Short-term employee benefits														
Base salary	1,390,582	1,362,203	678,869	81,546	567,585	593,862	680,135	157,662	197,078	—	—	—	—	—
Annual incentive	1,088,807	749,212	361,112	55,333	312,172	326,624	368,500	87,427	215,004	—	—	—	—	—
Other	215,840	1,898,615	856,404	12,140	570,067	525,757	728,656	—	384,873	—	—	—	—	—
Long-term employee benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	3,566,105	1,031,627	111,111	—	687,936	507,429	459,310	38,296	197,292	—	—	—	—	—
Termination benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total remuneration expense *	**6,261,334**	**5,041,657**	**2,007,496**	**149,019**	**2,137,760**	**1,953,672**	**2,236,601**	**283,385**	**994,247**	**—**	**—**	**—**	**—**	**—**
2021														
Short-term employee benefits														
Base salary	1,564,015	1,532,096	—	—	638,373	281,051	433,078	—	322,081	742,676	—	—	169,169	1,536,825
Annual incentive	2,003,894	1,409,528	—	—	587,303	233,014	440,768	—	283,431	736,572	—	—	151,835	1,536,825
Other	242,759	1,508,718	—	—	114,198	32,938	13,342	—	91,027	6,516,660	—	—	170,158	1,198,557
Long-term employee benefits	196,853	—	—	—	—	—	—	—	—	(171,144)	—	—	—	—
Share-based payments	2,551,245	1,260,991	—	—	552,631	554,589	582,119	—	390,975	(71,763)	(122,891)	(31,230)	—	327,923
Termination benefits	—	—	—	—	—	—	—	—	—	3,471,927	—	—	685,276	3,103,204
Total remuneration expense *	**6,558,766**	**5,711,333**	**—**	**—**	**1,892,505**	**1,101,592**	**1,469,307**	**—**	**1,087,514**	**11,224,928**	**(122,891)**	**(31,230)**	**1,176,438**	**7,703,333**

** Total remuneration expense for 2022 excludes accrued payroll taxes of EUR0 million (US$0) (2021: EUR-3 million (US$-3) recorded in 'Selling, general and administrative expenses' incurred by the Company pertaining to payments made to Ursula Burns.*

*** Considered to be key management personnel as defined in IAS 24 Related Party Disclosures.*

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 scheme, long-term incentive scheme and the deferred shared plan, see below for further details.

Changes in VEON Ltd. Group Executive Committee

Ursula Burns stepped down as Group CEO with effect from March 1, 2020. Sergi Herrero and Kaan Terzioğlu were appointed as Group Co-CEOs with effective from March 1, 2020, having previously served as Joint Group COOs since September 2, 2019 and November 1, 2019, respectively. Sergi Herrero stepped down from the role of Group Co-CEO on June 30, 2021 and Kaan Terzioğlu has continued his role as Group CEO.

On May 1, 2020, Serkan Okandan joined VEON as Group CFO. Trond Westlie stepped down from the role of Group CFO on September 30, 2019 and Murat Kirkgoz served as Deputy Group CFO from August 1, 2019 to April 30, 2020.

Alex Kazbegi stepped down from the role of Group Chief Strategy Officer on March 31, 2021 and Scott Dresser stepped down from the role of Group General Counsel on December 31, 2021.

In addition, Joop Brakenhoff was appointed Group Chief Internal Audit & Compliance Officer, effective July 1, 2020, Alex Bolis was appointed Group Head of Corporate Strategy, Communications and Investor Relations, effective April 1, 2021, Dmitry Shvets was appointed Group Head of Portfolio and Performance Management, effective April 15, 2021, and Michael Schulz was appointed Group Chief People Officer, effective July 1, 2021.

On January 1, 2022, Victor Biryukov was appointed Group General Counsel of VEON Ltd. 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 of VEON Ltd.

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

Compensation of VEON Ltd. 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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Hans-Holger Albrecht	483,078	487,500	190,558	136,458	1,184,142	1,098,610	**1,857,778**	1,722,568
Yaroslav Glazunov	281,250	75,000	80,000	—	—	—	**361,250**	75,000
Andrei Gusev	281,250	75,000	52,500	—	**500,000**	—	**833,750**	75,000
Gunnar Holt	625,000	350,000	68,750	150,000	—	—	**693,750**	500,000
Irene Shvakman	350,000	195,115	55,000	27,874	—	—	**405,000**	222,989
Vasily Sidorov	350,000	195,115	123,750	111,494	—	—	**473,750**	306,609
Michiel Soeting	277,083	—	57,083	—	—	—	**334,166**	—
Karen Linehan	342,289	—	53,899	—	—	—	**396,188**	—
Augie Fabela	175,000	—	57,500	—	—	—	**232,500**	—
Morten Lundal	175,000	—	42,500	—	—	—	**217,500**	—
Stan Miller	175,000	—	30,000	—	—	—	**205,000**	—
Mikhail Fridman	12,500	75,000	—	—	—	—	**12,500**	75,000
Leonid Boguslavsky	175,000	335,417	12,500	23,958	—	—	**187,500**	359,375
Gennady Gazin	387,500	842,708	62,500	57,292	**1,566,303**	1,971,749	**2,016,303**	2,871,749
Sergi Herrero	175,000	195,417	12,500	13,958	—	—	**187,500**	209,375
Robert Jan van de Kraats	65,860	350,000	23,522	125,000	—	—	**89,382**	475,000
Osama Bedier	—	155,556	—	44,444	—	—	—	200,000
Peter Derby	—	155,556	—	66,667	—	—	—	222,223
Amos Genish	—	155,556	—	66,667	—	—	—	222,223
Steve Pusey	—	189,583	—	53,125	—	—	—	242,708
Total compensation	**4,330,810**	**3,832,523**	**922,562**	**876,937**	**3,250,445**	**3,070,359**	**8,503,817**	**7,779,819**

In whole US dollars	Retainer 2022	Retainer 2021	Committees 2022	Committees 2021	Other compensation 2022	Other compensation 2021	Total 2022	Total 2021
Hans-Holger Albrecht	507,763	576,323	200,296	161,321	1,244,652	1,298,776	**1,952,711**	2,036,420
Yaroslav Glazunov	295,622	88,665	84,088	—	—	—	**379,710**	88,665
Andrei Gusev	295,622	88,665	55,183	—	**525,550**	—	**876,355**	88,665
Gunnar Holt	656,938	413,770	72,263	177,330	—	—	**729,201**	591,100
Irene Shvakman	367,885	230,665	57,810	32,952	—	—	**425,695**	263,617
Vasily Sidorov	367,885	230,665	130,074	131,808	—	—	**497,959**	362,473
Michiel Soeting	291,242	—	60,000	—	—	—	**351,242**	—
Karen Linehan	359,780	—	56,653	—	—	—	**416,433**	—
Augie Fabela	183,943	—	60,438	—	—	—	**244,381**	—
Morten Lundal	183,943	—	44,672	—	—	—	**228,615**	—
Stan Miller	183,943	—	31,533	—	—	—	**215,476**	—
Mikhail Fridman	13,139	88,665	—	—	—	—	**13,139**	88,665
Leonid Boguslavsky	183,943	396,530	13,139	28,323	—	—	**197,082**	424,853
Gennady Gazin	407,301	996,250	65,694	67,730	**1,646,342**	2,331,001	**2,119,337**	3,394,981
Sergi Herrero	183,943	231,022	13,139	16,502	—	—	**197,082**	247,524
Robert Jan van de Kraats	69,226	413,770	24,723	147,775	—	—	**93,949**	561,545
Osama Bedier	—	183,898	—	52,542	—	—	—	236,440
Peter Derby	—	183,898	—	78,813	—	—	—	262,711
Amos Genish	—	183,898	—	78,813	—	—	—	262,711
Steve Pusey	—	224,125	—	62,804	—	—	—	286,929
Total compensation	**4,552,118**	**4,530,809**	**969,705**	**1,036,713**	**3,416,544**	**3,629,777**	**8,938,367**	**9,197,299**

Explanatory notes

In 2021, equity-settled awards in VEON Ltd. were granted to Group Chairman Gennady Gazin (1,224,086) and Group Digital and Innovation Committee Chairman Hans-Holger Albrecht (1,360,095). The share awards vested on June 10, 2022 and the shares are subject to a holding period through to July 16, 2023. The fair value of these awards were determined using the Black-Scholes Model and an expense of US$2 was incurred as of December 31, 2022 (US$2 as of December 31, 2021), which is included in other compensation.

Changes in VEON Ltd. Board of Directors

Ursula Burns was appointed Group CEO and Chairman of the VEON Ltd. board of directors on December 12, 2018. Accordingly, her total compensation through December 31, 2022, has been included in the section “Compensation of Key Senior Managers” above, except for payments received in respect of her role on Board Committees. Ursula Burns stepped down as Group CEO on March 1, 2020, and later stepped down as Chairman on June 1, 2020.

On June 10, 2021, VEON Ltd. announced the results of the elections conducted at its Annual General Meeting of Shareholders. Shareholders elected three new members to VEON Ltd.’s Board of Directors, Vasily Sidorov, Irene Shvakman and Sergi Herrero, as well as nine previously serving directors: Hans-Holger Albrecht, Leonid Boguslavsky, Mikhail Fridman, Gennady Gazin, Yaroslav Glazunov, Andrei Gusev, Gunnar Holt, Stephen Pusey and Robert Jan van de Kraats. Stephen Pusey stepped down as a director from VEON Ltd.’s Board of Directors on July 15, 2021.

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

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

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

On March 16, 2022, VEON Ltd. announced the appointment of Michiel Soeting to the Board of Directors of VEON Ltd. 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 Ltd. 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 of VEON Ltd., 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.

Changes in Directors of VEON Holdings B.V.

On January 7, 2020, Kaan Terzioglu was appointed as a statutory director of the Company.

On June 30, 2021 and September 30, 2021, Jochem Benjamin Postma and Paul Klaassen were appointed statutory directors of the Company, respectively. Sergi Herrero and Murat Kirkgoz stepped down as statutory directors of the Company on June 30, 2021 and September 30, 2021, respectively.

The total remuneration expense for the Company’s statutory directors for the year ended December 31, 2022 was US$0.8 million (2021: US$0.2 million).

Short Term Incentive Scheme

VEON Ltd.’s Short Term Incentive (**“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 conditions. Both the cash pay-out of the STI award as well as any share wards granted are dependent upon final approval by the compensation and talent 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 are disclosed in the tables above, while the share-based compensation expense related to the STI is US$1 for the year ended December 31, 2022.

Deferred Shares Plan

In 2022, equity-settled awards in VEON Ltd. granted to key senior managers and directors in 2021 under the 2021 Deferred Shares Plan (“**DSP**”) vested. Subsequently, 2,659,740 shares in VEON Ltd. were transferred to key senior managers and directors from shares held by a subsidiary of VEON Ltd. during the year ended December 31, 2022.

In 2022, equity-settled awards in VEON Ltd. were granted to the VEON Group Chief Executive, Kaan Terzioglu, under the 2021 DSP. A portion of the shares (1,569,531 granted vested immediately on the grant date and the remaining shares (3,662,240) will vest on September 1, 2023. Subsequent to the grant date, 1,569,531 shares in VEON Ltd. were transferred to Mr.

Terzioglu from shares held by a subsidiary of VEON Ltd. during the year ended December 31, 2022. The fair value of the awards were determined using the Black-Scholes Model and an expense of US$1 was incurred as of December 31, 2022.

In 2021, equity-settled awards in VEON Ltd. were granted to certain key senior managers and directors under the 2021 DSP, which are subject to a two years vesting period from the grant date. The fair value of the awards were determined using the Black-Scholes Model and an expense of US$5 was incurred as of December 31, 2022 (US$5 as of December 31, 2021)

Long Term Incentive Scheme

In 2022, equity-settled awards in VEON Ltd. were granted to certain key senior managers under the 2021 Long-Term Incentive Plan ("**LTIP**"), which are subject to a three years vesting period from the date of the grant as well as a performance condition related to Target Shareholder Return ("**TSR**") in line with shareholder interests. It is not expected that the performance condition will be satisfied. The fair value of the awards were determined using the Black-Scholes Model with a Monte Carlo simulation was performed to determine the likelihood of the performance condition being satisfied. An expense of US$0 was incurred as of December 31, 2022.

In 2022, cash-settled awards in VEON Ltd. were granted to certain key senior managers under the 2021 LTIP, which are subject to a three years vesting period from the date of the grant as well as a performance condition related to Target Shareholder Return ("**TSR**") in line with shareholder interests. It is not expected that the performance condition will be satisfied. The fair value of the awards were determined using the Black-Scholes Model and a Monte Carlo simulation was performed to determin the likelihood of the performance condition being satisfied. The liability was remeasured at the end of the reporting period and an expense of US$0 was incurred as of December 31, 2022.

In 2021, equity-settled awards in VEON Ltd. were granted to certain key senior managers under the 2021 LTIP, which are subject to a three years vesting period from the date of the grant. The fair value of the awards were determined using the Black-Scholes Model and an expense of US$1 was incurred as of December 31, 2022 (US$4 as of December 31, 2021).

ACCOUNTING POLICIES

Equity-settled share-based payments are measured at the grant date fair value, which is expensed over the vesting period, taking into account expected forfeitures and performance conditions, if any, with a corresponding increase in equity.

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 in the income statement.

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

22 EVENTS AFTER THE REPORTING PERIOD

VEON's Scheme of creditors

Following the announcement made by VEON on November 24, 2022 to launch a scheme of arrangement to extend the maturity of the 2023 Notes, on January 24, 2023, the Scheme Meeting was held and the amended Scheme issued on January 11, 2023, 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 the Company's 2023 Notes (the "Order"). On January 31, 2023, VEON confirmed that the Order had been delivered to the Registrar of Companies and became effective. The amendments to the 2023 Notes were subject to the receipt of relevant licenses to become effective, at which time the maturity dates of the February 2023 and April 2023 notes will be amended to October and December 2023, respectively. On April 3, 2023, VEON announced that each of the conditions has been satisfied in accordance with the terms of the Scheme, including receipt of all authorizations and/or licenses necessary to implement the amendments to the 2023 Notes (as set out in the Scheme). On April 4, 2023, the Scheme became effective.

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

On April 20, 2023, VEON announced that subject to the terms of the 2023 Put Option, the Issuer will pay to the Holders of Notes accepted for purchase the Repurchase Price for their Notes on April 26, 2023. For further details, refer to Note 23.

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

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

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

Update on sale of Russia operations

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

On April 15, 2023, OFAC issued a license authorizing U.S. persons to engage in all transactions ordinarily incident and necessary to the divestment of VimpelCom. In addition to this OFAC license, VEON has also determined that it has the requisite authorizations required by the UK and Bermudan authorities to proceed with the divestment of VimpelCom. VEON does not believe that a license is required from the EU to execute the sale and is seeking a no-license-required confirmation from the relevant EU authorities.

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

Purchase of VEON Group Debt

During the first quarter 2023, VEON was informed that VimpelCom independently concluded the purchase of US$1,572 of VEON Holdings B.V. Notes in order to satisfy certain Russian regulatory obligations. These Notes were reclassified to intercompany debt with the equivalent reduction in gross debt for VEON Group. PJSC VimpelCom has funded the purchase primarily by issuing new notes of longer maturity.

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

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

Ukraine prepayment

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

PMCL syndicated credit facility

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

VEON Management increases ownership

On December 31, 2022, equity-settled awards in VEON Ltd. granted to the Chief Internal Audit & Compliance Officer, Mr. Joop Brakenhoff, under the 2021 Deferred Share Plan vest. Subsequently, 52,543 shares in VEON Ltd. were transferred to Mr. Brakenhoff from shares held by a subsidiary of VEON Ltd. and 51,504 shares were withheld to cover local withholding tax.

On April 14, 2023, VEON Ltd. announced that equity-settled awards in VEON Ltd. were grants to five members of VEON’s Group Executive Committee under the STI Scheme (154,876 shares) and the LTIP (643,286 shares).

Changes in Key Senior Managers

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

On June 16, 2023, VEON Ltd. announced that Omiyinka Doris has been appointed Group General Counsel of VEON Ltd. in permanent capacity, effective June 1, 2023

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 million) which includes BDT 4,307 million (approximately US$40 million) 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.

23 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.

Certain comparative amounts have been reclassified. Specifically, the following December 31, 2021 balances were reclassified in the consolidated statement of financial position:

• Short term investments for treasury bills shorter than three months maturity relating to micro finance bank operations of US$75 is now presented in cash and cash equivalents. Accordingly the cash flow movement of US$39 relating to treasury bills has also been presented as cash and cash equivalent.

• Short term portion of license fee payable of US$31 is now presented as other financial liabilities within current debt and derivative liabilities.

• Expected credit losses relating to other trade receivables of US$27 presented as other receivables, is now presented as expected credit losses trade and receivable.

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.

ONGOING CONFLICT BETWEEN RUSSIA AND UKRAINE

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

As the conflict persists, we could lose a greater percentage of our customer base in Ukraine. If Ukrainian refugees choose to relocate permanently outside of Ukraine and switch to local providers, this could have a significant impact on their use and spending on our services.

Due to the efforts of our Ukrainian team as well as collaboration with other telecommunications operators in the region, network capacity has remained stable with minimal disruptions since the beginning of the conflict. We have incurred and will continue to incur additional expenditures to maintain and repair our mobile and fixed-line telecommunications infrastructure in Ukraine as a result of any damage inflicted on our infrastructure due to the ongoing conflict, as well as for security, increased energy costs, and related operational and capital expenditures. In addition, our ability to provide services in Ukraine may be impaired if we are unable to maintain key personnel within Ukraine and/or our infrastructure within Ukraine is significantly damaged or destroyed.

In response to the events in Ukraine, the United States, European Union (and individual EU member states) and, the United Kingdom, as well as other countries have imposed wide-ranging economic sanctions and trade restrictions which have targeted individuals and entities as well as large aspects of the Russian economy, including freezing the assets of Russia's central bank, other Russian financial institutions, and individuals, removing selected Russian banks from the Swift banking system, and curbing certain products exported to Russia. Furthermore, as a response to the imposed sanctions, Russia introduced a number of counter-sanctions aimed at stabilizing domestic financial markets. These, among others, include restrictions related to capital and foreign exchange controls, restrictions on lending to foreign (non-Russian) persons, restrictions on foreign persons' transactions with Russian securities and real estate, and limitations on export and import of certain goods into and outside Russia. For example, on July 5, 2022, the President of the Russian Federation issued Decree No. 430 ("Decree 430") which requires Russian legal entities with Eurobond obligations to ensure the local fulfillment of such obligations to Eurobond holders whose rights are recorded by the Russian depositories, e.g. NSD or Account Holders registered in the Russian Federation (refer to further discussion below). Ukraine has also implemented and may implement further sanctions or measures on individuals or entities with close ties with Russia, which may impact negatively Kyivstar in case, whether prior to or after the proposed sale of our Russian operations, it is considered by the local authorities as a Russia-owned company. For example, in October 2022, Ukraine imposed sanctions for a 10-year period against, Mikhail Fridman, Petr Aven and Andriy Kosogov, who are some of the Company's ultimate beneficial owners due to their ownership in LetterOne. These sanctions apply exclusively to the sanctioned individuals and do not have a direct impact on the Company, however, the Company cannot rule out their impact on banks' and other parties readiness to transfer dividends in the event such restrictions are lifted. Furthermore, these sanctions may make it difficult for the Company to obtain local financing in Ukrainian hryvnia, which could make it more difficult for us to naturally hedge any debt required for our Ukrainian operations moving forward to the currency in which we generate revenue. In addition, Ukraine has put one member of senior management in government registry managers of Russian companies as a result of this senior manager being on the board of VimpelCom. This list has had and could continue to cause reputational harm to the Group, particularly for its operations and customer relationships in Ukraine, since engagement with Russian companies are generally condemned. Ukraine's restrictions have already led to restrictions on the payout of dividends from Ukraine resulting in no cash being upstreamed to VEON, prohibitions on renting state property and land, prohibitions on participation in public procurement impacting B2G revenue and potential prohibitions on transfer of technology and intellectual rights to Kyivstar from VEON.

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

The conflict has resulted in the following events and conditions that may cast significant doubt on the Company's ability to continue as a going concern, particularly if we are not able to consummate the agreed disposal of our Russian operations (refer to Note 9 and Note 10):

- The current events in the regions where we operate in Ukraine and where we derive a significant amount of our business may pose security risks to our people, our facilities, our operations, and infrastructure, such as utilities and network services, and the disruption of any or all of them could significantly affect our business, financial conditions and results of operations in Ukraine, and cause volatility in the value of our securities. The conflict has also had a marked impact on the economies of Russia and Ukraine. However, since the beginning of the conflict, a significant majority of Ukraine's network infrastructure has been operating effectively and disruptions in service have been limited to specific areas where the conflict is most intense. It cannot be ruled out that the conflict and related damage could escalate within Ukraine or within Russia.

- We have recorded material impairment charges with respect to goodwill in Russia and have also recorded impairment charges related to physical damages of assets in Ukraine during the twelve months ended December 31, 2022 (refer to Note 10 and Note 12, respectively, for additional information), and we may need to record future impairment charges, which could be material, if the conflict continues or escalates and as more information becomes available to management. It is possible further impairment charges may rise to a level as to require additional analysis to determine the true value of assets as outlined in the provisions of our debt agreements and in the worst scenario, when the true value of assets is lower than the liabilities, could require early repayments of our long term debt. Due to the current developments that impact the value of the Company, the recoverability of the loan receivable of US$1,471 due from VEON Amsterdam B.V. may also be materially impacted.

- In Russia, macroeconomic conditions and outlook remain uncertain. The results of our operations in Russia on a U.S. dollar basis may fluctuate for the foreseeable future compared to results prior to the onset of the conflict, largely due to the volatility of the Russian ruble and to lower equipment sales.

- As of June 29, 2023, the Company continues to conclude that neither VEON Ltd. nor any of its subsidiaries is targeted by sanctions imposed by any of the United States, European Union (and individual EU member states) and the United Kingdom. However, the interpretation and enforcement of these new sanctions and counter-sanctions may result in unanticipated outcomes and could give rise to material uncertainties, which could complicate our business decisions. For example, to protect U.S. foreign policy and national security interests, the U.S. government has broad discretion to at times impose a broad range of extraterritorial "secondary" sanctions under which non-U.S. persons carrying out certain activities may be penalized or designated as sanctioned parties, even if the activities have no ties, contact with, or nexus to the United States or the U.S. financial system at all. These secondary sanctions could be imposed on the Company or any of the Company's subsidiaries if they were to engage in activity that the U.S. government determined was undertaken knowingly and rose to the level of material or significant support to, for, or on behalf of certain sanctioned parties. The broad nature of the financial sanctions targeted at the Russian financial system, including several banks that have historically provided funding to the Company, along with comprehensive sanctions on investment and vendors in Russia and the ongoing conflict between Russia and Ukraine may therefore have a material impact on aspects of the Company's operations and business plans in Russia and Ukraine. In addition, we have assessed the potential impact of the guidance regarding the ban on "new investment" in the Russian Federation by U.S. persons and UK persons and the prohibition on U.S., EU, and UK persons furnishing accounting and certain other services to Russia.

- Based on the current state of affairs, the Company currently has sufficient liquidity to satisfy our current obligations at least over the next twelve months from the issuance of the financial statements without the need of additional financing assuming no early repayments of our long-term debt and the completion of the sale of our Russian operations (refer to Note 9 and Note 10). In addition, cash on hand is US$2,442 at May 31, 2023. The Company also expects to meet its financial covenants as required by our debt agreements during the same twelve-month period. However, these continue to be uncertain times and it is not possible to predict with precision how certain developments will impact our liquidity position, our financial covenants and non-financial provisions in our debt agreements, and our equity levels both at the group and operating company levels. A deterioration in the results or operations of our operating companies could trigger certain financial covenants or non-financial provisions in our debt agreements, requiring accelerated repayment, potentially triggering a cross-default across all debt facilities and the revolving credit facility and negatively impact our liquidity. We may also be impacted by conditions or local legal requirements in international markets that could make it more difficult to service our existing debt obligations or refinance existing debt. Should we not realize the assumptions behind our liquidity forecast, we may not have sufficient liquidity to continue to operate as outlined above. If we are unable to raise additional capital in the market in which we want to raise it, or at all, or if the cost of raising additional capital significantly increases, which has been the case over the last twelve months due to global inflationary pressures and a number of other factors, we may be unable to make necessary or desired capital expenditures, take advantage of investment opportunities, refinance existing indebtedness or meet unexpected financial requirements, and our growth strategy and liquidity may be negatively affected. This could cause us to be unable to repay indebtedness as it comes due, to delay or abandon anticipated expenditures and investments or otherwise limit operations. For example, the ongoing conflict in Russia and Ukraine has caused us to reconsider our capital outlay to ensure we have sufficient liquidity for maintenance capital expenditures and other key operational spend while at the same time servicing our indebtedness. As a result, capital expenditures that are more discretionary in nature may be put on hold until the impact of the ongoing conflict between Russia and Ukraine, and particularly its effects on our liquidity and financial profile, becomes more certain.

- In response to the geopolitical and economic situation in both Ukraine and Russia, there is a risk of either country imposing external administration over foreign companies or assets. For example, as part of the measures that the Ukrainian government has adopted in response to the ongoing conflict with Russia, amendments to the nationalization law (the "Nationalization Law") in Ukraine have been published and as of June 29, 2023 are awaiting signature by the President of Ukraine ("Nationalization Law Amendments"). The Nationalization Law Amendments extends the definition of "residents" whose property in Ukraine (owned directly or indirectly) can be seized under the Nationalization Law to include property owned by the Russian state, Russian citizens, other nationals with a very close relationship to Russia, residing or having a main place of business in Russia, or legal entities operating in Ukraine whose founder or ultimate beneficial owner is the Russian state or are controlled or managed by any of the individuals identified above. For example, in May 2023, President Zelensky signed an initial package of restrictive measures on 41 entities, including against the Russian stake in Zaporizhstal, one of Ukraine's largest metallurgical companies, as part of Nationalization Law efforts. In April 2023, the Ukrainian Parliament voted for similar measures to allow for the nationalization of Sense Bank, one of Ukraine's largest commercial banks with several sanctioned Russian shareholders. Furthermore, on February 24, 2022, the Ukrainian government invoked martial law which allows the government to take control of stakes in strategic companies in Ukraine in order to meet the needs of the defense sector. The Security Council Secretary indicated that at the end of the application of martial law, the assets can be returned or their owners can be appropriately compensated.

- Additionally, on April 25, 2023, the President of the Russian Federation issued Decree No. 302 ("Decree 302") which introduced a legal framework for imposing temporary administration over Russian assets, including companies, owned by foreign residents associated with "unfriendly" jurisdictions which take hostile actions against Russia. Under the new regime, foreign owners retain their title to assets but all management decisions are taken by the State Agency for Management of State Property which is entitled, among other things, to replace the CEO and Board members in the companies managed by it. The inclusion into and exclusion from the list of assets subject to such temporary administration is approved by Presidential Decree. Since the issuance of Decree 302 and through June 15, 2023, shares in only two energy companies have been included in such list. However, it cannot be excluded that more companies will be added.

- If further measures are adopted and applied in relation to either our Ukrainian or Russian subsidiary, or both, this could lead to the involuntary deconsolidation of our Ukrainian and/or Russian operations, and could trigger certain financial covenants or non-financial provisions in our debt agreements, requiring accelerated repayment, potentially triggering a cross-default across other debt agreements and the revolving credit facility and negatively impact our liquidity.

- The United States imposed sweeping export control restrictions on Russia's ability to obtain goods, software and technology subject to U.S. export control jurisdiction, including a broad array of foreign-made items, that were previously not subject to U.S. export control jurisdiction. This could have an adverse impact on our ability to maintain and/or improve our infrastructure and adversely impact the availability and quality of our services and therefore have a material adverse effect on our operations and results of operation. In the event of future imposed laws and regulations as a result of the ongoing conflict between Russia and Ukraine, our business, the operation of our networks, our supply chain stability of items critical to the telecommunications sector in Russia, and our ability to comply with the terms of our operating licenses and local laws and regulations could be materially adversely impacted.

- On July 5, 2022, the President of the Russian Federation issued Decree No. 430 ("Decree 430") which requires Russian legal entities with Eurobond obligations to ensure the local fulfillment of such obligations to Eurobond holders whose rights are recorded by the Russian depositories, e.g. NSD or Account Holders registered in the Russian Federation. On November 23, 2022, the Russian Central Bank issued clarifications in respect of Decree 430, claiming that it also applies to Russian legal entities and foreign issuers that are within the same group of companies. Several VEON Holdings B.V. bondholders in Russia have approached PJSC VimpelCom to locally satisfy VEON Holdings B.V.'s notes obligations and three legal proceedings have been lodged against PJSC VimpelCom in respect of VEON Holdings B.V.'s notes with a total potential impact of US$22. PJSC VimpelCom is defending these claims and has indicated it is disputing the applicability of Decree 430 to PJSC VimpelCom. Refer to Note 7.

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

- We have implemented business continuity plans to address known contingency scenarios to ensure that we have adequate processes and practices in place to protect the safety of our people and to handle potential impacts to our operations in Ukraine and Russia.

- On November 24, 2022, VEON entered into an agreement to sell VEON's Russian operations to certain senior members of the management team of PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, VEON will receive consideration of RUB 130 billion (approximately USD 1.9 billion). It is expected that the consideration will be paid primarily by VimpelCom taking on and discharging certain VEON Holdings B.V. debt, thus significantly deleveraging VEON's balance sheet. The SPA contains provisions amongst others that in the event Vimpelcom acquires VEON Holdings B.V.'s debt in excess of the sales consideration, VEON will work with the purchasers to satisfy its obligations to them as a bondholder. The transaction is subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (United States, United Kingdom, European Union, and Bermuda) for the proposed structure of the sale. As of June 29, 2023, Russian regulatory approvals have been obtained as well as the OFAC license and required authorizations from the United Kingdom and Bermudan authorities. The remaining closing conditions to be satisfied include any required license from the European Union or any required consent from VEON creditors in order to cancel the debt provided as consideration and/or complete the sale. Refer to Note 9, Note 10, and Note 23 for further details. Following the completion of this sale, the risk of material impacts on VEON's operations stemming from Russian-related sanctions from various jurisdictions will be minimal.

- The Company has performed sensitivities on the volatility of the Russian ruble as well as other currencies in our operating markets with respect to the impact on our financial results and does not expect fluctuations to have a significant impact. In the normal course of business, the Company manages its foreign currency risk by selectively hedging committed exposures and hedges part of its exposure to fluctuations on the translation into U.S. dollars of its foreign operations by holding the borrowings in foreign currencies or by foreign exchange swaps and forwards.

- Management is actively monitoring any new developments in applicable sanctions to ensure that we are in compliance and to evaluate any potential impact on the Company's financial performance, operations, and governance. As a result of current economic sanctions affecting Russian banks, we repaid our RUB 30 billion seven year term loan with VTB Bank on March 9, 2022 and two of our group-level loans with Sberbank and Alfa Bank respectively, totaling RUB 90 billion in total, were novated to PJSC VimpelCom, within the Russia operating segment, in April 2022 (refer to Note 16). This resulted in the release of the former borrower (VEON Finance Ireland DAC) and the former guarantor (VEON Holdings B.V.) from their obligations. In addition, the novation of these loans has allowed VEON to ensure that the majority of the Group's Russian ruble liabilities are held within Russia and as such are matched to the market where Russian ruble revenues are generated. We have also sufficiently reduced local debt levels below thresholds that would, upon any potential acceleration, trigger cross-defaults under the RCF or other debt instruments, however, this risk remains as it pertains to other provisions under RCF.

- Management has actively engaged with sanctions authorities where appropriate. On November 18, 2022, VEON announced that the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") issued General License 54 authorizing all transactions ordinarily incident and necessary to the purchase and receipt of any debt or equity securities of VEON Ltd. that would otherwise be prohibited by section 1(a)(i) of Executive Order (E.O.) 14071. OFAC General License 54 applies to all debt and equity securities of VEON Ltd. that were issued before June 6, 2022, and confirms that the authorization applies not only to the purchase and receipt of debt and equity securities, but also to transactions ordinarily incident and necessary to facilitating, clearing, and settling of such transactions. This General License ensures that all market participants can trade the relevant securities with confidence that such trading is consistent with E.O. 14071, which targeted "new investment" in Russia, and was issued following active engagement with OFAC on the topic. On January 18, 2023, OFAC has replaced the General License 54 originally issued on November 18, 2022 with General License 54A to now include both VEON Ltd. and VEON Holdings B.V.

- Management actively monitors the Company's liquidity position, our financial and non-financial provisions in our debt agreements, and our equity levels on a regular and continuous basis both at the group and operating company levels and should they reach a level considered at-risk, management will take actions to ensure our liquidity position is sufficient and our financial covenants and non-financial provisions in our debt agreements are met. In the event a default provision within our debt agreements is triggered, VEON is in regular communication with its relevant lenders and has an obligation to notify them of any default that occurs and is continuing to occur. Should this occur, VEON will proactively and promptly respond to queries from lenders on the relevant covenant breach and initiate negotiations with lenders should the need arise. As of June 29, 2023, the Company has satisfied all of its interest and capital payments and is not in default on any of its bonds or bank debt and has sufficient liquidity to satisfy our current obligations at least over the next twelve months from the issuance of the financial statements.

- On November 24, 2022, VEON announced the launch of a proposed scheme of arrangement (the "Scheme") in England via the issuance of a Practice Statement Letter to extend the maturity of the 5.95% notes due February 2023 and 7.25% notes due April 2023 issued by the Company (together, the "2023 Notes") by eight months from their respective maturity dates. On January 24, 2023, the Scheme was approved by the Scheme creditors. On January 30, 2023, the Court sanctioned the Scheme. Upon approval by the Court, a standstill period was imposed which restricts 2023 Noteholders (and other Scheme creditors) from taking enforcement action (and other related actions) in accordance with the terms described in the Scheme. Management believes the amendments proposed by the Scheme will allow VEON necessary time to move towards completion of the VimpelCom disposal, while also reducing the risk of double payment of principal to holders of the 2023 Notes holding through the NSD (i.e. payments by both VEON Holdings B.V. and VimpelCom, with the portion paid by VEON Holdings B.V. being held in the international clearing systems). The Scheme is subject to obtaining the necessary remaining licenses from relevant government authorities. On April 3, 2023, VEON announced that each of the conditions has been satisfied in accordance with the terms of the Scheme, including receipt of all authorizations and/or licenses necessary to implement the amendments to the 2023 Notes (as set out in the Scheme). On April 4, 2023, the Scheme became effective. Pursuant to the amendments, Noteholders are entitled to payment of an amendment fee of 200bps payable on the 2023 Notes outstanding on their respective amended maturity dates and a put right will be granted requiring the Company to repurchase 2023 Notes held by 2023 Noteholders exercising such right, at a purchase price of 102 per cent of the principal amount ("2023 Put Option"), together with accrued and unpaid interest. The 2023 Put Option closed on April 19, 2023 with holders of US$165 of the October 2023 Notes and holders of US$294 of the December 2023 Notes exercising the Put Option. On April 20, 2023, VEON announced that subject to the terms of the 2023 Put Option, the Issuer will pay to the Holders of Notes accepted for purchase the Repurchase Price for their Notes on April 26, 2023. Following the settlement of the Put Option, the aggregate principal amount of Notes outstanding is US$364 for the October 2023 Notes and US$406 for the December 2023 Notes.

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

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

24 SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, 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 judgments, 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 judgment / 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 2022

A number of new and amended standards became effective as of January 1, 2022, which did not have a material impact on VEON financial statements. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

Not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2022 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.

Amsterdam,
June 29, 2023

VEON Holdings B.V.