Special purpose
unaudited interim condensed
consolidated financial statements

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

As of and for the three-month period
ended March 31, 2024

Notice to Reader: VEON's results presented in these financial statements, including balances and other figures included herein as at and for the year ended December 31, 2023, are, unless otherwise stated, prepared in accordance with International Financial Reporting Standards ("IFRS") based on internal management reporting, the responsibility of management, and have not been externally audited, reviewed, or verified.

TABLE OF CONTENTS

Interim condensed consolidated income statement		**2**
Interim condensed consolidated statement of comprehensive income		**3**
Interim condensed consolidated statement of financial position		**4**
Interim condensed consolidated statement of changes in equity		**5**
Interim condensed consolidated statement of cash flows		**6**
General information about the Group		**7**
1	General information	7
Operating activities of the Group		**9**
2	Segment information	9
3	Income taxes	11
Investing activities of the Group		**12**
4	Significant events & transactions	12
5	Held for sale and discontinued operations	12
6	Property and equipment	15
7	Intangible assets	16
Financing activities of the Group		**17**
8	Investments, debt and derivatives	17
9	Cash and cash equivalents	21
10	Dividends paid and proposed	21
Additional information		**22**
11	Related parties	22
12	Risks, commitments, contingencies and uncertainties	23
13	Events after the reporting period	23
14	Basis of preparation of the interim condensed consolidated financial statements	24

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the three-month period ended March 31

(In millions of U.S. dollars, except per share amounts)	Note	2024	2023
Service revenues		903	856
Sale of equipment and accessories		5	4
Other revenue		33	24
Total operating revenues	2	**941**	**884**
Service costs		(113)	(113)
Cost of equipment and accessories		(6)	(4)
Selling, general and administrative expenses		(399)	(350)
Depreciation		(137)	(132)
Amortization		(50)	(52)
Impairment (loss) / reversal		(1)	3
Gain / (loss) on disposal of non-current assets		—	1
Gain / (loss) on disposal of subsidiaries		—	(3)
Operating profit / (loss)		**235**	**234**
Finance costs		(140)	(153)
Finance income		36	38
Other non-operating gain / (loss)		17	2
Net foreign exchange gain / (loss)		23	(48)
Profit / (loss) before tax from continuing operations		**171**	**73**
Income tax expense	3	(39)	(20)
Profit / (loss) from continuing operations		**132**	**53**
Profit / (loss) after tax from discontinued operations	5	—	347
Profit / (loss) for the period		**132**	**400**
Attributable to:			
The owners of the parent (continuing operations)		111	59
The owners of the parent (discontinued operations)		—	324
Non-controlling interest		21	17
		132	**400**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three-month period ended March 31:

(In millions of U.S. dollars)		2024	2023
Profit / (loss) for the period		**132**	**400**
Items that may be reclassified to profit or loss			
Foreign currency translation		(16)	(213)
Fair value re-measurement of financial instruments	8	89	1
Items that will not be reclassified to profit or loss			
Other		(2)	—
Other comprehensive income / (loss), net of tax		**71**	**(212)**
Total comprehensive income / (loss), net of tax		**203**	**188**
Attributable to:			
The owners of the parent		179	169
Non-controlling interests		24	19
		203	**188**
Total comprehensive income / (loss) for the period, net of tax from:			
Continuing operations		202	(48)
Discontinued operations		—	236
		202	**188**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of:

(In millions of U.S. dollars)	Note	March 31, 2024	December 31, 2023
Assets			
Non-current assets			
Property and equipment	6	2,989	2,971
Intangible assets	7	1,575	1,612
Investments and derivatives	8	1,608	1,485
Deferred tax assets		325	311
Other assets		152	152
Total non-current assets		**6,649**	**6,531**
Current assets			
Inventories		24	23
Trade and other receivables		591	650
Investments and derivatives	8	842	738
Current income tax assets		58	58
Other assets		217	194
Cash and cash equivalents	9	801	1,876
Total current assets		**2,533**	**3,539**
Assets classified as held for sale	5	63	—
Total assets		**9,245**	**10,070**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		2,765	2,587
Non-controlling interests		237	213
Total equity		**3,002**	**2,800**
Non-current liabilities			
Debt and derivatives	8	3,606	3,537
Provisions		47	44
Deferred tax liabilities		25	26
Other liabilities		27	25
Total non-current liabilities		**3,705**	**3,632**
Current liabilities			
Trade and other payables		1,210	1,274
Debt and derivatives	8	672	1,720
Provisions		52	50
Current income tax payables		155	151
Other liabilities		430	443
Total current liabilities		**2,519**	**3,638**
Liabilities associated with assets held for sale	5	19	—
Total equity and liabilities		**9,245**	**10,070**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-month period ended March 31, 2024

		Attributable to equity owners of the parent								
(In millions of U.S. dollars, except share amounts)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2024		**30,099,998**	**39**	**13,028**	**(2,659)**	**(4,033)**	**(3,790)**	**2,586**	**213**	**2,799**
Profit / (loss) for the period		—	—	—	—	111	—	111	21	132
Fair value re-measurement of financial instruments	8	—	—	—	89	—	—	89	—	89
Other comprehensive income / (loss)		—	—	—	(2)	—	(19)	(21)	3	(18)
Total comprehensive income / (loss)		**—**	**—**	**—**	**87**	**111**	**(19)**	**179**	**24**	**203**
Other		—	—	—	1	(1)	—	—	—	—
As of March 31, 2024		**30,099,998**	**39**	**13,028**	**(2,571)**	**(3,923)**	**(3,809)**	**2,765**	**237**	**3,002**

for the three-month period ended March 31, 2023

		Attributable to equity owners of the parent								
(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2023		**30,099,998**	**39**	**13,028**	**(2,654)**	**(1,694)**	**(6,610)**	**2,109**	**198**	**2,307**
Profit / (loss) for the period		—	—	—	—	383	—	383	17	400
Other comprehensive income / (loss)		—	—	—	—	1	(215)	(214)	2	(212)
Reclassifications		—	—	—	—	—	—	—	—	—
Total comprehensive income / (loss)		**—**	**—**	**—**	**—**	**384**	**(215)**	**169**	**19**	**188**
Dividends declared	11	—	—	—	—	—	—	—	—	—
Changes in ownership interest in a subsidiary that do not result in a loss of control		—	—	—	(2)	(2)	—	(2)	2	—
As of March 31, 2023		**30,099,998**	**39**	**13,028**	**(2,656)**	**(1,312)**	**(6,825)**	**2,276**	**219**	**2,495**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three-month period ended March 31

(In millions of U.S. dollars)	Note	2024	2023
Operating activities			
Profit / (loss) before tax from continuing operations		171	73
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		188	181
(Gain) / loss on disposal of non-current assets		—	(1)
(Gain) / loss on disposal of subsidiaries		—	3
Finance costs		140	153
Finance income		(36)	(38)
Other non-operating (gain) / loss		(17)	(2)
Net foreign exchange (gain) / loss		(23)	48
Changes in trade and other receivables and prepayments		(45)	(29)
Changes in inventories		(5)	(7)
Changes in trade and other payables		27	16
Changes in provisions, pensions and other		24	28
Interest paid		(98)	(103)
Interest received		7	18
Income tax paid		(49)	(65)
Net cash flows from operating activities from continuing operations		**284**	**275**
Net cash flows from operating activities from discontinued operations		**—**	**359**
Investing activities			
Purchase of property, plant and equipment		(180)	(129)
Purchase of intangible assets		(26)	(108)
Proceeds from sale of property and equipment		99	—
Receipts from / (payments on) deposits		(3)	(29)
Receipts from / (investment in) financial assets		(65)	—
Acquisition of a subsidiary, net of cash acquired		—	(1)
Net outflow of loans granted		(55)	(45)
Other proceeds from investing activities, net		—	(1)
Net cash flows from / (used in) investing activities from continuing operations		**(230)**	**(313)**
Net cash flows from / (used in) investing activities from discontinued operations		**—**	**(169)**
Financing activities			
Proceeds from borrowings, net of fees paid*		47	59
Repayment of debt		(1,160)	(84)
Dividends paid to non-controlling interests		—	(7)
Net cash flows from / (used in) financing activities from continuing operations		**(1,113)**	**(25)**
Net cash flows from / (used in) financing activities from discontinued operations		**—**	**(108)**
Net (decrease) / increase in cash and cash equivalents		(1,059)	19
Net foreign exchange difference related to continuing operations		3	(5)
Net foreign exchange difference related to discontinued operations		—	(8)
Cash and cash equivalents classified as held for sale at the beginning of the period		—	146
Cash and cash equivalents classified as held for sale at the end of the period		(19)	(223)
Cash and cash equivalents at beginning of period, net of overdrafts		1,876	3,076
Cash and cash equivalents at end of period, net of overdrafts	**9**	**801**	**3,005**

* *Fees paid for borrowings were US$2 (2023: US$2).*

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

Notes to the interim condensed consolidated financial statements

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

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

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

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

The special purpose unaudited interim condensed consolidated financial statements were authorized by the Directors for issuance on June 26, 2024. The Company has the ability to amend and reissue the consolidated financial statements.

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

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

The special purpose unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2022, and once available, the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2023 (which are expected to be published in the last quarter of 2024 due to the delay the Group experienced in appointing an auditor for 2023).

Major developments during the three-month period ended March 31, 2024

Announcement of issuance of new shares

On March 1, 2024, VEON Ltd. (the ultimate parent of the Company) announced the issuance of 92,459,532 ordinary shares, after approval from the VEON Board, to fund its existing and future equity incentive-based compensation plans ("Incentive Plans"). As a result of the issuance, VEON Ltd. now has 1,849,190,667 issued and outstanding ordinary shares. The issuance of the ordinary shares represents approximately 4.99% of VEON Ltd' 's authorized ordinary shares. The shares are expected to be allocated to VEON Ltd.'s Incentive Plans, which are designed to align the interests of VEON Ltd's senior managers and employees with those of its shareholders and to support the company's long-term growth and performance. The shares were initially issued to the Company (and in accordance with Bermuda law are considered fully issued and outstanding shares), and then subsequently allocated to satisfy awards under Incentive Plans as and when needed. The ordinary shares were issued at a price of USD 0.001 per share, which is equal to the nominal value of VEON' Ltd's ordinary shares. Refer to Note 8 for further details.

Cash consideration received for sale of Bangladesh tower portfolio in 2023

On November 15, 2023, VEON announced that its wholly owned subsidiary, Banglalink, entered into an Asset Sale and Purchase Agreement ("APA") and Master Tower Agreement ("MTA"), to sell a portion of its tower portfolio (2,012 towers, nearly one-third of Banglalink's infrastructure portfolio) in Bangladesh to the buyer, Summit Towers Limited ("Summit"), for BDT 11 billion (US$96). The closing of the transaction was subject to regulatory approval which was received on December 21, 2023. Subsequently, the deal closed on December 31, 2023. Under the terms of the deal, Banglalink entered into a long-term lease agreement with Summit under which Banglalink will lease space upon the sold towers for a period of 12 years, with up to seven optional renewal periods of 10 years each. The lease agreement became effective upon the closing of the sale.

As a result of the closing of the sale on December 31, 2023, control of the towers was transferred to Summit and Banglalink recognized the purchase consideration of BDT 11 billion (US$96) net of cost of disposals containing legal, regulatory and investment bankers costs amounting BDT 854 million (US$8). The consideration was receivable as of December 31, 2023. Accordingly, in 2023, as a result of applying sale and leaseback accounting principles to the lease agreement under the terms of the deal, Banglalink recognized a gain on sale of assets of US$34, total right-of-use assets of BDT 4.9 billion (US$44) representing the proportional fair value of assets (towers) retained with respect to the book value of assets (towers) sold amounting to BDT 950 million (US$9) and lease liabilities of BDT 10 billion (US$91) based on a 12 year lease term, which are at market rates.

On January 31, 2024, Banglalink obtained the cash consideration for the sale from Summit.

Repayment of Revolving Credit Facility ("RCF")

For the US$1,055 RCF, US$250 of commitments maturing in March 2024 and were repaid during February 2024, and in March 2024, the remaining amounts outstanding and commitments of US$805, originally due in March 2025, were repaid and the RCF was cancelled.

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

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

Cybersecurity incident in Ukraine

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

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

As a result of this program, the impact on VEON's consolidated revenue results for the three-months ended March 31, 2024 associated with the revenue loss arising from the customer loyalty measures taken by Kyivstar in order to compensate for the inconvenience caused during the disruptions was UAH 1.7 billion (approximately US$46).

VEON and Kyivstar also conducted a thorough investigation to determine the full extent and impact of the incident and to implement additional security measures to prevent any recurrence, which remains ongoing. Kyivstar plans to continue its remediation and compensation efforts in the coming months.

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

On March 14, 2024, VEON announced that it appointed PricewaterhouseCoopers Accountants N.V. for the audit of the Group’s consolidated financial statements for the year ended December 31, 2023 in accordance with International Standards on Auditing (the “ISA Audit”). The delay in appointment due to difficulties that VEON Ltd. has faced in identifying a suitable auditor due to the material changes in the Group’s portfolio of assets has resulted in a delay in filing its annual report with the Dutch Authority for the Financial Markets (“AFM”).

VEON also expects to be delayed in delivering the audited consolidated financial statements for the year ended December 31, 2023, of its subsidiary, VEON Holdings B.V. ("the Company"), to the holders of the outstanding notes of VEON Holdings (the “VEON Holdings Notes”) and its RCF creditors, as well as in the delivery of the Company’s 2023 audited financials to the RCF creditors. The Company has sought consents from the holders of the VEON Holdings Notes for the delayed delivery of the audited financial statements. Refer to Note 13 for further developments and details.

For other significant investing and financing activities during the three-month period ended March 31, 2024 refer to the sections "Investing activities of the Group" and "Financing activities of the Group" included here within.

Notes to the interim condensed consolidated financial statements

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

OPERATING ACTIVITIES OF THE GROUP

2 SEGMENT INFORMATION

Management analyzes the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies.

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

Reportable segments consist of Pakistan, Ukraine, Kazakhstan, Uzbekistan and Bangladesh.

We also present our results of operations for "Others" and "HQ and eliminations" separately, although these are not reportable segments. "Others" represents our operations in Kyrgyzstan (refer to Note 4) and "HQ and eliminations" represents transactions related to management activities within the Group.

Financial information by reportable segment for the three-month period ended March 31, is presented in the below tables. Inter-segment transactions are not material and are made on terms which are comparable to transactions with third parties.

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Pakistan	285	250	6	—	2	2	27	18	320	270
Ukraine	174	214	11	13	—	—	2	1	187	228
Kazakhstan	167	134	41	36	3	2	2	3	213	175
Uzbekistan	66	63	—	—	—	—	—	—	66	63
Bangladesh	139	136	—	—	—	—	1	2	140	138
Others	14	13	—	—	—	—	—	—	14	13
HQ and eliminations	—	(2)	—	(1)	—	—	1	—	1	(3)
Total	**845**	**808**	**58**	**48**	**5**	**4**	**33**	**24**	**941**	**884**

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2024	2023	2024	2023
Pakistan	143	122	19	15
Ukraine	95	135	28	20
Kazakhstan	118	92	20	16
Uzbekistan	24	28	40	8
Bangladesh	44	50	14	31
Others	5	5	2	1
HQ and eliminations	(6)	(15)	(4)	(3)
Total	**423**	**417**	**119**	**88**

Notes to the interim condensed consolidated financial statements

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

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

	2024	2023
Profit / (loss) before tax from continuing operations	**171**	**73**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA		
Depreciation	137	132
Amortization	50	52
Impairment loss / (reversal)	1	(3)
(Gain) / loss on disposal of non-current assets	—	(1)
(Gain) / loss on disposal of subsidiaries	—	3
Finance costs	140	153
Finance income	(36)	(38)
Other non-operating (gain) / loss	(17)	(2)
Net foreign exchange (gain) / loss	(23)	48
Total Adjusted EBITDA	**423**	**417**

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

3 INCOME TAXES

Income tax expense is the total of the current and deferred income taxes. Current income tax is the expected tax expense, payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Deferred income tax is the tax asset or liability resulting from a difference in income recognition between enacted or substantively enacted local tax law and group IFRS accounting.

Income tax expense consisted of the following for the three-month period ended March 31:

	2024	2023
Current income taxes	(55)	(62)
Deferred income taxes	16	42
Income tax expense	**(39)**	**(20)**
Effective tax rate	(22.8)%	(27.4)%

The difference between the statutory tax rate in the Netherlands (25.8%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2024 (-22.8%) was primarily driven by a number of non-deductible expenses of US$6 incurred by the Group in various countries, which are recorded in our consolidated income statement, by a change in deferred tax assets which have not been recognized by US$(3), and withholding taxes paid and provided for as a deferred tax on outside basis on the dividends planned to be paid out in the next 12 months of US$3.

The difference between the statutory tax rate in the Netherlands (25.8%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2023, (-27.4%) was primarily driven by a number of non-deductible expenses of US$10 incurred by the Group in various countries, which are recorded in our consolidated income statement and US$17M of withholding tax on interest receivables. At the same time, deferred tax was majorly driven by the withholding tax provided for as a deferred tax on outside basis on the dividends planned to be paid out in 2023 of US$(5) and US$40 of deferred tax asset recognized on losses incurred in Pakistan and Bangladesh.

Global Minimum Tax

The Group is in scope of the enacted Pillar Two legislation and has performed an assessment of the Group's exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in majority of jurisdictions in which the Group operates are above 15%, except for our subsidiaries in Switzerland that are subject to the effective tax rate of 13.6% for Pillar Two purposes resulting in a top-up tax of US$0.06 (the difference between the global minimum tax rate and a jurisdictional effective tax rate for Pillar Two purposes). Switzerland has also enacted the Pillar Two legislation and implemented qualified domestic top-up tax regime. From January 2024 onwards, the subsidiary in Switzerland will be liable for the top-up tax in relation to its operations instead of the ultimate parent entity, VEON Ltd.

As of March 31, 2024, the Group has accumulated US$6,887 of tax losses and US$120 of other tax attributes in various jurisdictions which can be carried-forward and utilized for Pillar Two purposes in future.

The Group has applied the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the interim condensed consolidated financial statements

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

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT EVENTS & TRANSACTIONS

During the three-month period ended March 31, 2024

VEON announces sale of stake in Beeline Kyrgyzstan

On March 26, 2024, VEON announced that it signed a share purchase agreement ("SPA") for the sale of its 50.1% indirect stake in Beeline Kyrgyzstan to CG Cell Technologies, which is wholly owned by CG Corp Global for cash consideration of US$32. Completion of the sale of VEON's stake in Beeline Kyrgyzstan, which is held by VIP Kyrgyzstan Holding AG (an indirect subsidiary of the Company), is subject to customary regulatory approvals. As a result of this anticipated transaction and assessment that control of the Kyrgyzstan operations will be transferred, on the date of SPA signing, the Company classified Kyrgyzstan operations as held for sale and following the classification as held for sale, the Company no longer accounts for depreciation and amortization for Kyrgyzstan operations. Refer to Note 5 for the detailed breakdown of the assets and liabilities held for sale relating to the Kyrgyzstan operations.

During the three-month period ended March 31, 2023

There were no significant transactions during the three-month period ended March 31, 2023.

5 HELD FOR SALE AND DISCONTINUED OPERATIONS

Sale of Stake in Beeline Kyrgyzstan

As disclosed in Note 4, the following table provides the details over assets and liabilities classified as held-for-sale as of:

	Assets held-for-sale		Liabilities held-for-sale	
	March 31, 2023	**December 31, 2022**	**March 31, 2023**	**December 31, 2022**
Kyrgyzstan	63	—	19	—
Total assets and liabilities held for sale	63	—	19	—

Notes to the interim condensed consolidated financial statements

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

HELD FOR SALE during three-month period ended March 31, 2024

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

	March 31, 2024
Property and equipment	23
Intangible assets excl. goodwill	7
Other non-current assets	4
Inventories	1
Trade and other receivables	3
Cash and cash equivalents	19
Other current assets	6
Total assets held for sale	**63**
Non-current liabilities	6
Debt and Derivatives - NCL	6
Current liabilities	13
Trade and other payables	7
Other non-financial liabilities	6
Total liabilities held for sale	**19**

Net assets of the held for sale operations of Kyrgyzstan include US$99 of cumulative currency translation losses as of March 31, 2024, 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 fair value less cost of disposal ("FVLCD") for the Kyrgyzstan operations as of March 31, 2023 was based on the sales consideration as reflected in the SPA signed on March 26, 2024 (Level 2 in the fair value hierarchy). The fair value represented by the SPA exceeded the carrying value of the Kyrgyzstan CGU as of March 31, 2024, therefore no impairment was recorded. There were no triggering events indicating any impairment or decline in the fair value of Kyrgyzstan operations subsequent to its measurement as held for sale.

HELD FOR SALE AND DISCONTINUED OPERATIONS during three-month period ended March 31, 2023

Sale of Russia operations

On November 24, 2022, VEON entered into the Share Purchase Agreement ("SPA") to sell VEON's Russian operations to certain senior members of the management team of PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, the purchase price consideration of RUB 130 billion (approximately US$1,294 on October 9, 2023), which was expected to be settled primarily by VimpelCom taking on and discharging certain VEON Holdings B.V.'s debt, thus significantly deleveraging VEON's balance sheet. The SPA contained provisions amongst others that in the event Vimpelcom acquires VEON Holdings B.V.'s debt in excess of the sales consideration, VEON will work with the purchasers to satisfy its obligations to them as a bondholder. The transaction was subject to certain closing conditions including the receipt of requisite regulatory approvals and licenses from relevant government authorities in Russia and Western jurisdictions (United States, United Kingdom, European Union, and Bermuda) for the proposed structure of the sale.

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

Notes to the interim condensed consolidated financial statements

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

On September 13, 2023, VEON agreed with the buyer, owned by certain senior members of PJSC VimpelCom's management team, amendments to the SPA, which had no material impact on the economic terms of the original transaction announced on November 24, 2022. With the amendments to the sale agreement, the entire consideration for the sale was agreed to be satisfied by transferring the agreed value of VEON Holdings bonds acquired by PJSC VimpelCom to a wholly owned subsidiary of VEON Holdings (Unitel LLC) on or prior to the closing of the sale, which will hold such notes until their cancellation or maturity. U.S. and other regulatory approvals were received for the transfer of approximately 95% of such VEON Holdings bonds. The remaining VEON Holdings bonds will be transferred as soon as the outstanding regulatory approval have been obtained. As of September 30, 2023, US$274 of VEON Holdings bonds were transferred to Unitel LLC from PJSC Vimpelcom.

On October 9, 2023, VEON announced the completion of its exit from Russia with closing of the sale of its Russian operations. Upon completion of the sale, control of Vimpelcom was transferred to the buyer, and accordingly, a loss of US$3.7 billion recorded within "Profit / (loss) after Tax from Discontinued Operations" in the Consolidated Income Statement was recognized, primarily due to US$3.4 billion of cumulative currency translation losses which accumulated in equity through other comprehensive income and recycled through the consolidated income statement on the date of the disposal. Additionally, the remaining agreed amount of the bonds of VEON Holdings acquired by PJSC Vimpelcom representing an aggregate total nominal value of US$1,576 were transferred to Unitel LLC (a wholly owned subsidiary of the Company) and offset against the purchase consideration of RUB 130 billion (approximately US$1,294 on October 9, 2023). The remaining deferred consideration of US$72 as of December 31, 2023 will be offset against VEON Holdings bonds acquired by PJSC Vimpelcom representing a nominal value of US$72, subject to regulatory approval.

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

Income statement and statement of comprehensive income	**2023**
Operating revenue	970
Operating expenses	(550)
Other expenses	(51)
Profit / (loss) before tax for the period	369
Income tax benefit / (expense)	(22)
Profit / (loss) after tax for the period	347
Other comprehensive income / (loss) *	227
Total comprehensive income / (loss)	**574**

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

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

6 PROPERTY AND EQUIPMENT

The following table summarizes the movement in the net book value of property and equipment for the three-month period ended March 31:

	2024	2023
Balance as of January 1	**2,971**	**2,892**
Additions	186	157
Disposals	(3)	(1)
Depreciation	(137)	(132)
Impairment	(1)	4
Currency translation	(4)	(211)
Divestment and reclassification as held for sale	(24)	—
Other	1	—
Balance as of March 31	**2,989**	**2,709**

Notes to the interim condensed consolidated financial statements

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

7 INTANGIBLE ASSETS

The following table summarizes the movement in the net book value of intangible assets, including goodwill for the three-month period ended March 31.

	2024	2023
Balance as of January 1	**1,612**	**1,953**
Additions	15	—
Disposals and write off	—	22
Divestment and reclassification to held for sale	(7)	—
Amortization	(50)	(52)
Currency translation	5	(218)
Balance as of March 31	**1,575**	**1,705**

Goodwill

Included within total intangible asset movements for the three-month period ended March 31, 2024, as shown above, are the following movements in goodwill for the group, per cash generating unit (**"CGU"**):

CGU	March 31, 2024	Currency translation	December 31, 2023
Pakistan	183	2	181
Kazakhstan	132	3	129
Ukraine	9	—	9
Uzbekistan	29	(1)	30
Total	**353**	**4**	**349**

Impairment analysis

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may be impaired. When reviewing for indicators of impairment in interim periods, the Company considers, among other things, the relationship between its market capitalization and its book value, as well as the weighted average cost of capital and the quarterly financial performance of each cash-generating unit (**"CGU"**). Refer to the table above for an overview of the carrying value of goodwill per CGU.

VEON performed its annual impairment testing at September 30, 2023. For further details regarding calculations and assumptions used for impairment testing, refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2022, and once available, the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2023 (which are expected to be published in the last quarter of 2024 due to the delay the Group experienced in appointing an auditor for 2023).

Impairment losses in 2024

The Company performed an assessment if a goodwill impairment existed in any of the CGUs during the three-month period ended March 31, 2024. Based on the analysis performed, no impairment was identified for any CGU.

The Company also performed impairment testing for the Bangladesh CGU during the first quarter of 2024. Based on the testing performed, no goodwill impairment loss was recorded.

Impairment losses in 2023

The Company performed an assessment if a goodwill impairment existed in any of the CGUs during the three-month period ended March 31, 2023. Based on the analysis performed, no impairment was identified for any CGU.

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

FINANCING ACTIVITIES OF THE GROUP

8 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	March 31, 2024	December 31, 2023
At fair value		
Other	100	14
	100	**14**
At amortized cost		
Loans granted to subsidiaries of ultimate parent	1,833	1,770
Security deposits and cash collateral	107	103
Bank deposits	2	2
Other investments	408	334
	2,350	**2,209**
Total investments and derivatives	**2,450**	**2,223**
Non-current	1,608	1,485
Current	842	738

Other investments, at fair value are measured, at fair value through other comprehensive income and relate to investments held in Pakistan US$12 (2023: US$14) and Bangladesh US$35 (2023: US$35). Additionally, in March 2024, VEON Ltd. issued 92,459,532 ordinary shares to the Company at par value which were subsequently re-measured at March 31, 2024 at fair value for an investment of US$89 (2023: Nil) included within Other investments at fair value. Refer Note 1 for further details.

Other investments, at amortized cost, include a US$64 (2023: US$64) loan granted by VIP Kazakhstan Holdings AG to minority shareholder Crowell Investments Limited and US$215 (2023: US$150) sovereign bonds held by our operating company in Ukraine, Kyivstar.

Notes to the interim condensed consolidated financial statements

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

The Company holds the following debt and derivative liabilities:

	March 31, 2024	December 31, 2023
At fair value		
Derivatives not designated as hedges	—	1
Derivatives designated as net investment hedges	—	—
	—	**1**
At amortized cost		
Principal amount outstanding	2,676	3,708
Interest accrued	94	83
Discounts, unamortized fees, hedge basis adjustment	(9)	(6)
Bank loans and bonds	**2,761**	**3,785**
Loans received from subsidiaries of the ultimate parent	—	—
Lease liabilities	1,124	1,078
Other financial liabilities	393	393
	4,278	**5,256**
Total debt and derivatives	**4,278**	**5,257**
Non-current	3,606	3,537
Current	672	1,720

Principal amount outstanding includes long-term capex accounts payables US$102 (2023: US$88) and foreign currency exchange gain of US$13 (2023: US$12) on the bonds.

Notes to the interim condensed consolidated financial statements

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

Significant changes in financial assets and financial liabilities

The increase in financial assets is mainly attributable to additional purchase of sovereign bonds by our operating company, Kyivstar, while the decrease in financial liabilities is due to the repayment of the VEON Holdings B.V. RCF during the three-month period ended March 31, 2024. Furthermore, there were no changes in risk management policies as disclosed in the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2022.

Financing activities during the three-month period ended March 31, 2024

Repayment of Revolving Credit Facility ("RCF")

For the US$1,055 RCF, US$250 of commitments maturing in March 2024 and were repaid during February 2024, and in March 2024, the remaining amounts outstanding and commitments of US$805, originally due in March 2025, were repaid and the RCF was cancelled.

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

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

Financing activities during the three-month period ended March 31, 2023

VEON's Scheme of creditors

Following the announcement made by VEON on November 24, 2022 to launch a scheme of arrangement to extend the maturity of the 2023 Notes, 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.

Purchase of VEON Group Debt

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

PMCL syndicated credit facility

Pakistan Mobile Communication Limited ("PMCL") utilized PKR 6 billion (US$21 million) under existing PKR 40 billion facility through drawdown in January 2023.

Fair values

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

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$2,420 at March 31, 2024 (December 31, 2023: US$3,333); and
- 'Lease liabilities', for which fair value has not been determined.

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 three-month period ended March 31, 2024, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Notes to the interim condensed consolidated financial statements

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

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	March 31, 2024	December 31, 2023
Cash at banks and on hand	405	423
Short-term deposits with original maturity of less than three months	396	1,453
Cash and cash equivalents*	**801**	**1,876**
Less overdrafts	—	—
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	**801**	**1,876**

*Cash and cash equivalents include an amount of US$200 relating to banking operations in Pakistan.

As of March 31, 2024 and December 31, 2023, there were no restricted cash and cash equivalent balances. Cash balances as of March 31, 2024 include investments in money market funds of US$130 (December 31, 2023: US$1,175).

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 March 31, 2024, US$127 (2023: US$151) 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.

10 DIVIDENDS AND CAPITAL DISTRIBUTIONS

There were no dividends or capital distributions paid during the three-month period ended March 31, 2024 nor during the three-month period ended March 31, 2023.

Notes to the interim condensed consolidated financial statements

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

ADDITIONAL INFORMATION

11 RELATED PARTIES

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

For the three-month period ended March 31, 2024

On January 10, 2024, 3,201,250 common shares in VEON Ltd. were granted to Mr. Kaan Terzioglu under the Long-Term Incentive Plan ("LTIP"). The vesting of the award is subject to certain strategic performance objectives.

For the three-month period ended March 31, 2023

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

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

The following table provides the total amount of transactions that have been entered into with related parties and their affiliates for the three-month period ended March 31:

	2024	2023
Finance income	25	23
	25	**23**
Finance cost	**—**	**6**
	—	**6**

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

Notes to the interim condensed consolidated financial statements

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

	March 31, 2024	December 31, 2023
Accounts receivable from		
VEON Ltd.	78	84
VEON Amsterdam B.V.	22	18
VEON Digital Amsterdam B.V.	—	13
Others	8	11
Financial assets receivable from		
VEON Ltd.	188	160
VEON Amsterdam B.V.	1,471	1,462
Interest accrued	174	149
	1,941	**1,897**
Accounts payable to		
VEON Ltd.	45	55
VEON Ventures BV	25	25
Others	20	31
Financial liabilities to		
Ukraine Tower Company	162	125
Interest accrued	—	—
	252	**236**

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the three-month period ended March 31, 2024.

13 EVENTS AFTER THE REPORTING PERIOD

VEON increases management's and directors' ownership

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

Share-based awards to VEON's Group Executive Committee ("GEC") and Board of Directors

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

In April 2024, 434,549 and 372,470 equity-settled awards in common shares in VEON Ltd. (equal to 17,382 and 14,899 ADSs, respectively) were granted to Mr. Joop Brakenhoff and Ms. Omiyinka Doris, respectively, under the Long-Term Incentive Plan ("LTIP"). The vesting of the award is subject to certain strategic performance objectives.

In April 2024, 1,821,475 equity-settled awards in common shares in VEON Ltd. and 3,095,300 cash-settled awards in common shares in the Company (equal to 72,859 and 123,812 ADSs, respectively) were granted to VEON's current and former Board of Directors.

Issuance of PKR bond by Pakistan Mobile Communication Limited ("PMCL")

In April 2024, Pakistan Mobile Communication Limited ("PMCL") issued short term PKR bond of PKR 15 billion (US$52) with a maturity of six months. Coupon rate is 3 months Karachi Interbank Offered Rate (KIBOR) plus 25bps per annum.

PMCL syndicated credit facility

In May 2024, Pakistan Mobile Communication Limited ("PMCL") signed a new PKR 65 billion (US$233) syndicate facility with a tenor of 10 years. PMCL withdrew PKR 43 billion (US$154) through drawdowns in May and June 2024.

PMCL Bilateral credit facilities:

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

VEON Holdings B.V consent solicitations to noteholders

In April 2024, VEON launched its consent solicitation process to its noteholders, seeking their consent for certain proposals regarding the notes. The most notable proposal was to extend the deadline for the provision of audited financial statements for the years ended 2023 and 2024, and to halt further payments of principal or interest (including any accrued interest) on the notes of the relevant series that remain outstanding.

The April 2025 and November 2027 USD noteholders provided their consent to the proposal at the first noteholder meeting, while the June 2025 RUB noteholders provided their consent at the adjourned meeting. The September 2025 and September 2026 notes were unable to achieve consent; however, VEON Holdings B.V. subsequently redeemed these notes (Refer to the Make Whole call section below).

On May 28, 2024, we issued new notes for April 2025, June 2025, and November 2027 to the noteholders who participated in the consent process. These new notes were exchanged for the old notes, which were subsequently cancelled, as such the total notes in circulation remain the same. The terms of the new notes are identical to those of the old notes they replaced, save to reflect the waivers for the proposals approved as part of the consent process and, in the case of the June 2025 Notes, to provide that all payments will be made in U.S. dollars.

On June 5, 2024, VEON Holdings issued a notice to the remaining holders of original VEON Holdings notes maturing in April 2025, June 2025 and November 2027 regarding a further exchange event to be settled on June 26, 2024. Via this exchange, these noteholders can convert their notes into corresponding new April 2025, June 2025 and November 2027 notes. The notice highlighted that the consent had passed on these original notes and explained the implications for these notes. The conversion is expected to be completed on June 26, 2024. As not all remaining original noteholders are expected to convert on June 26, 2024, VEON Holdings may seek to set up further exchange event in July 2024.

Make-whole call

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

Sale of TNS+ in Kazakhstan

On May 28, 2024, VEON announced the signing of an agreement for the sale of its 49% stake in Kazakh wholesale telecommunications infrastructure services provider TNS Plus LLP (TNS+) to its JV partner, the DAR group of companies for the sale consideration of USD137.5. The closing of the transaction is subject to customary regulatory approvals in Kazakhstan. he financial impact upon the anticipated loss of control of TNS+ cannot be estimated at this time.

VEON Announced Its New Board

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

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

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes to the interim condensed consolidated financial statements

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

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three-month period ended March 31, 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (**"IASB"**).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2022, and once available, the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2023 (which are expected to be published in the last quarter of 2024 due to the delay the Group experienced in appointing an auditor for 2023).

The preparation of these interim condensed consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgments, estimates and assumptions affects the amounts reported in the statement of financial position, income statement, statement of cash flows, statement of changes in equity, as well as the notes. The final amounts for items for which estimates and assumptions were made in the consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

Ongoing War Between Ukraine and Russia

As of June 26, 2024, hostilities continue in Ukraine. Currently, 24 million subscribers are in Ukraine, where they are supported by 3,700 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 26, 2024, most of our Ukraine subsidiary's employees remain in the country. As of June 26, 2024, millions of people have fled Ukraine and the country has sustained significant damage to infrastructure and assets.

As the war persists, we could lose a greater percentage of our customer base in Ukraine. If Ukrainian refugees choose to relocate permanently outside of Ukraine and switch to local providers, this could have a significant impact on their use and spending on our services. Due to the efforts of our Ukrainian team as well as collaboration with other telecommunications operators in the region, network capacity has remained stable with minimal disruptions since the beginning of the war. On December 12, 2023, VEON announced that the network of its Ukrainian subsidiary Kyivstar had been the target of a widespread external cyber-attack, causing a technical failure. This resulted in a temporary disruption of Kyivstar's network and services, interrupting the provision of voice and data connectivity on mobile and fixed networks, international roaming, and SMS services, amongst others, for Kyivstar customers in Ukraine and abroad. The Company's technical teams, working relentlessly and in collaboration with the Ukrainian law enforcement agencies, the Security Service of Ukraine and government agencies, restored services in multiple stages starting with voice and data connectivity. On December 19, 2023, VEON announced that Kyivstar had restored services in all categories of its communication services, with mobile voice and internet, fixed connectivity, SMS and MyKyivstar self-care application active and available across Ukraine. Refer to Note 1 for further details. We have incurred and will continue to incur additional expenditures to maintain and repair our mobile and fixed-line telecommunications infrastructure in Ukraine as a result of any damage inflicted on our infrastructure due to the ongoing war, as well as for security, increased energy costs, and related operational and capital expenditures. In addition, our ability to provide services in Ukraine may be impaired if we are unable to maintain key personnel within Ukraine and/or our infrastructure within Ukraine is significantly damaged or destroyed.

In response to the events in Ukraine, the United States, European Union (and individual EU member states) and, the United Kingdom, as well as other countries have imposed wide-ranging economic sanctions and trade restrictions which have targeted individuals and entities as well as large aspects of the Russian economy, including freezing the assets of Russia's central bank, other Russian financial institutions, and individuals, removing selected Russian banks from the Swift banking system, and curbing certain products exported to Russia.

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

Ukraine has also implemented and may implement further sanctions or measures on individuals or entities with close ties to Russia, which may negatively impact Kyivstar, if VEON is considered by local Ukrainian authorities as being a company controlled by sanctioned persons. For example, in October 2022, Ukraine imposed sanctions for a ten-year period against, Mikhail Fridman, Petr Aven and Andriy Kosogov, who are some of the beneficial owners of LetterOne, which, in turn, is one of VEON's shareholders. These Ukrainian sanctions apply exclusively to the sanctioned individuals and do not have a direct impact on the Company, however, the Company cannot rule out their impact on banks' and other parties readiness to engage in transactions involving the Company. Furthermore, these sanctions may make it difficult for the Company to obtain local financing in Ukrainian hryvnia, which could make it more difficult for us to naturally hedge any debt required for our Ukrainian operations moving forward to the currency in which we generate revenue. On October 6, 2023, the Security Services of Ukraine (SSU) announced that the Ukrainian courts are seizing all “corporate rights” of Mikhail Fridman in 20 Ukrainian companies that he beneficially owns, while criminal proceedings, unrelated to Kyivstar or VEON, are in progress. This announcement was incorrectly characterized by some Ukrainian media as a “seizure” or “freezing” of “Kyivstar’s assets”. On October 9, 2023, Ukrainian media further reported, with a headline which incorrectly targets Kyivstar, that the Ministry of Justice of Ukraine is separately finalizing a lawsuit in the Ukraine High Anti-Corruption Court to confiscate any Ukrainian assets of Mikhail Fridman. We have received notification from our local custodian that 47.85% of Kyivstar shares have been blocked, which will prevent any transaction involving our shares from proceeding. On October 30, 2023 VEON announced that VEON Ltd. and VEON Holdings B.V. have filed two appeals with the relevant Kyiv court of appeals, challenging the freezing of the corporate rights in Kyivstar noting that corporate rights in Kyivstar belong exclusively to VEON, and that their full or partial seizure directly violates the rights of VEON and its international debt and equity investors, VEON requested the lifting of the freezing of its corporate rights in Kyivstar. In December 2023, the court rejected the Company’s appeals. On June 4, 2024, the CEO of VEON, in his capacity as a shareholder of VEON, filed a motion with the Shevchenkiv District Court of Kyiv requesting cancellation of the seizure of corporate rights in the VEON group’s subsidiary Ukraine Tower Company. On June 26, 2024, the motion was supplemented to request cancellation of the seizure of corporate rights in the VEON group’s other Ukrainian subsidiaries: Kyivstar, Kyivstar.Tech and Helsi. VEON is continuing significant government affairs efforts to protect our assets in Ukraine. VEON is continuing significant government affairs efforts to protest our assets in Ukraine. Restrictions applicable in Ukraine to all foreign-owned companies have already led to restrictions on the upstreaming of dividends from Ukraine to VEON, prohibitions on renting state property and land and prohibitions on participation in public procurement impacting B2G revenue. Additionally, to the extent that VEON and/or Kyivstar are deemed to be controlled by persons sanctioned in Ukraine, potential prohibitions on the transfer of technology and intellectual rights to Kyivstar from VEON would also apply.

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

The war has resulted in the following events and conditions that may cast significant doubt on the Company’s ability to continue as a going concern:

- The current events in the regions where we operate in Ukraine and where we derive a significant amount of our business may pose security risks to our people, our facilities, our operations, and infrastructure, such as utilities and network services, and the disruption of any or all of them could significantly affect our business, financial conditions and results of operations in Ukraine, and cause volatility in the value of our securities. The war has also had a marked impact on the economy of Ukraine. However, since the beginning of the war, a significant majority of Ukraine’s network infrastructure has been operating effectively and disruptions in service have been limited to specific areas where the war is most intense. As mentioned above, in December 2023, Kyivstar was the target of a widespread external cyber-attack, causing a technical failure. This resulted in a temporary disruption of Kyivstar's network and services, interrupting the provision of voice and data connectivity on mobile and fixed networks, international roaming, and SMS services, amongst others, for Kyivstar customers in Ukraine and abroad, which were subsequently restored. It cannot be ruled out that the war and related damage could escalate within Ukraine.
- We may need to record future impairment charges in Ukraine or CGUs, which could be material, if the war continues or escalates and/or due to macroeconomic conditions.
- As of June 26, 2024, the Company continues to conclude that neither VEON Ltd. nor any of its subsidiaries is targeted by sanctions imposed by any of the United States, European Union (and individual EU member states) and the United Kingdom. However, the interpretation and enforcement of these new sanctions and counter-sanctions may result in unanticipated outcomes and could give rise to material uncertainties, which could complicate our business decisions. For example, to protect U.S. foreign policy and national security interests, the U.S. government has broad discretion to at times impose a broad range of extraterritorial “secondary” sanctions under which non-U.S. persons carrying out certain activities may be penalized or designated as sanctioned parties, even if the activities have no ties, contact with, or nexus to the United States or the U.S. financial system at all. These secondary sanctions could be imposed on the Company or any of the Company’s subsidiaries if they were to engage in activity that the U.S. government determined was undertaken knowingly and rose to the level of material or significant support to, for, or on behalf of certain sanctioned parties.
- Based on the current state of affairs, the Company currently has sufficient liquidity to satisfy our current obligations at least over the next twelve months from the issuance of the financial statements without the need of additional financing assuming no early repayments of our long-term debt. In addition, cash on hand was US$800 as of May 31, 2024 after the full repayment of the RCF (refer to details in Note 1). As a result of the full repayment and cancellation of the RCF, the Company no longer has any financial covenants. However, these continue to be uncertain times and it is not possible to predict with certainty how certain developments will impact our liquidity position, non-financial provisions in our debt agreements, and our equity levels on a regular and continuous basis both at the group and operating company

levels. We may also be impacted by conditions or local legal requirements in international markets that could make it more difficult to service our existing debt obligations or refinance existing debt. If the assumptions behind our liquidity forecast are not correct, we may not have sufficient liquidity to continue to operate as outlined above. If we are unable to raise additional capital in the markets in which we seek to raise it, or at all, or if the cost of raising additional capital significantly increases, which has been the case over the last twelve months due to monetary policy in response to global inflationary pressures and a number of other factors, we may be unable to make necessary or desired capital expenditures, take advantage of investment opportunities, refinance existing indebtedness or meet unexpected financial requirements, and our growth strategy and liquidity may be negatively affected. This could cause us to be unable to repay indebtedness as it comes due, to delay or abandon anticipated expenditures and investments or otherwise limit operations. For example, the ongoing war in Ukraine has caused us to reconsider our capital outlay to ensure we have sufficient liquidity for maintenance capital expenditures and other key operational spend while at the same time servicing our indebtedness. As a result, capital expenditures that are more discretionary in nature may be put on hold until the impact of the ongoing war in Ukraine, and particularly its effects on our liquidity and financial profile, becomes more certain.

- In response to the geopolitical and economic situation in Ukraine, there is a risk of the country imposing external administration over foreign companies or assets or nationalizing them. For example, as part of the measures that the Ukrainian government has adopted in response to the ongoing war with Russia, amendments to the nationalization law (the “Nationalization Law”) in Ukraine have been passed by parliament and as of June 26, 2024 are awaiting signature by the President of Ukraine (“Nationalization Law Amendments”). The Nationalization Law Amendments extends the definition of “residents” whose property in Ukraine (owned directly or indirectly) can be seized under the Nationalization Law to include property owned by the Russian state, Russian citizens, other nationals with a very close relationship to Russia, residing or having a main place of business in Russia, or legal entities operating in Ukraine whose founder or ultimate beneficial owner is the Russian state or are controlled or managed by any of the individuals identified above. For example, in May 2023, President Zelensky signed an initial package of restrictive measures on 41 entities, including against the Russian stake in Zaporizhstal, one of Ukraine’s largest metallurgical companies, as part of Nationalization Law efforts. In April 2023, the Ukrainian Parliament voted for similar measures to allow for the nationalization of Sense Bank, one of Ukraine’s largest commercial banks with several sanctioned Russian shareholders. Furthermore, in November 2022, the Ukrainian government invoked martial law which allows the government to take control of stakes in strategic companies in Ukraine in order to meet the needs of the defense sector. The Security Council Secretary indicated that at the end of the application of martial law, the assets can be returned or their owners can be appropriately compensated. As noted above, on October 6, 2023, the Security Services of Ukraine (SSU) announced that the Ukrainian courts are seizing all “corporate rights” of Mikhail Fridman in 20 Ukrainian companies that he beneficially owns, while criminal proceedings, unrelated to Kyivstar or VEON, are in progress. This announcement was incorrectly characterized by some Ukrainian media as a “seizure” or “freezing” of “Kyivstar’s assets”. On October 9, 2023, Ukrainian media further reported, with a headline which incorrectly targets Kyivstar, that the Ministry of Justice of Ukraine is separately finalizing a lawsuit in the Ukraine High Anti-Corruption Court to confiscate any Ukrainian assets of Mikhail Fridman. We have received notification from our local custodian that 47.85% of Kyivstar's shares have been blocked, which will prevent any transaction involving this portion of shares from proceeding.
- If further measures are adopted and applied in relation to our Ukrainian subsidiary, this could lead to the involuntary deconsolidation of our Ukrainian operations, and could trigger certain financial covenants or non-financial provisions in our debt agreements, requiring accelerated repayment, potentially triggering a cross-default across other debt agreements and the revolving credit facility and negatively impact our liquidity.

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

- As mentioned above, on October 9, 2023, the sale of our Russian operations was completed and PJSC VimpelCom was deconsolidated from the VEON Group. The sale of PJSC VimpelCom has sufficiently mitigated risks related to sanctions, trade restrictions, and export bans imposed against Russia as well as risks related to counter-sanctions imposed by Russia including Decree 302 and Decree 430. The sale of PJSC VimpelCom has also significantly reduced the VEON Group’s exposure to cybersecurity attacks.
- We have implemented business continuity plans to address known contingency scenarios to ensure that we have adequate processes and practices in place to protect the safety of our people and to handle potential impacts to our operations in Ukraine.
- The Company has performed sensitivity analyses on the volatility of the Pakistani Rupee as well as other currencies in our operating markets with respect to the impact on our financial results and does not expect currency fluctuations to have a significant impact. In the normal course of business, the Company manages its foreign currency risk by selectively hedging committed exposures and hedges part of its exposure to fluctuations on the translation into U.S. dollars of its foreign operations by holding the borrowings in foreign currencies or by foreign exchange swaps and forwards.

- Management is actively monitoring any new developments in applicable sanctions to ensure that we continue to be in compliance and to evaluate any potential impact on the Company's financial performance, operations, and governance. Management has actively engaged with sanctions authorities where appropriate. Management is engaging with authorities in Ukraine to address any concerns they have about the ownership and management of Kyivstar and to provide all necessary assurances to confirm that Russian nationals, including any beneficial owners of LetterOne, do not participate in the management of Kyivstar nor are they able to derive any benefits from VEON's assets in Ukraine.
- On October 30, 2023, VEON announced that VEON Ltd. and VEON Holdings B.V. have filed two appeals with the relevant Kyiv court of appeals, challenging the freezing of the corporate rights in Kyivstar, which was initially announced on the website of the Security Services of Ukraine (SSU) on October 6, 2023. Noting that corporate rights in Kyivstar belong exclusively to VEON, and that their full or partial seizure directly violates the rights of VEON and its international debt and equity investors, VEON requested the lifting of the freezing of its corporate rights in Kyivstar. In its filings, the Company also reiterated that any action aimed at the rights, benefits or funds of sanctioned individuals - the alleged reason for seizure of corporate rights as per the SSU statement - cannot legitimately be directed toward Kyivstar or VEON. Sanctioned individuals do not own any shares in VEON or Kyivstar; they cannot exercise any rights regarding VEON or Kyivstar; are not a part of either company's governance mechanisms, including boards; do not have the ability to control or influence decisions made by VEON or Kyivstar; and do not derive any economic benefits from VEON or any of its operating companies. In December 2023, the court of appeals rejected VEON's appeals. On June 4, 2024, the CEO of VEON, in his capacity as a shareholder of VEON, filed a motion with the Shevchenkiv District Court of Kyiv requesting cancellation of the seizure of corporate rights in the VEON group's subsidiary Ukraine Tower Company. On June 26, 2024, the motion was supplemented to request cancellation of the seizure of corporate rights in the VEON group's other Ukrainian subsidiaries: Kyivstar, Kyivstar.Tech and Helsi. VEON is continuing significant government affairs efforts to protest our assets in Ukraine.
- Management actively monitors the Company's liquidity position, our non-financial provisions in our debt agreements, and our equity levels on a regular and continuous basis both at the group and operating company levels and should they reach a level considered at-risk, management will take actions to ensure our liquidity position is sufficient and our non-financial provisions in our debt agreements are met.
- On March 28, 2024, VEON announced that it repaid in full the outstanding balance of US$805 (principal, excluding accrued interest) and cancelled its RCF, after paying the matured portion of US$250 in February 2024.
- As of March 14, 2024, the Company appointed PwC Netherlands for the audits of the Group's consolidated financial statements for the year ended December 31, 2023 for the ISA Audit. As a result of the delay in appointing an external auditor, VEON Ltd. is delayed in producing its audited consolidated financial statements for the year ended December 31, 2023, filing its annual report with the Dutch Authority for the Financial Markets ("AFM") in connection with its Euronext listing. The Company also expects to be delayed in delivering the audited consolidated financial statements of its subsidiary, VEON Holdings B.V., to the holders of the outstanding notes of VEON Holdings BV (with maturities from April 2025 to November 2027) (the "VEON Holdings Notes"). The Company has sought consents from the holders of the VEON Holdings Notes to delay delivery of the audited financial statements. Refer to Note 13 for further developments and details.

The accompanying consolidated financial statements have been prepared on a going concern basis. In accordance with International Accounting Standards ("IAS") 1, Presentation of Financial Statements, the Company has determined that the aforementioned conditions and events, considered in the aggregate, may cast significant doubt about the Company's ability to continue as a going concern for at least 12 months after the date these consolidated financial statements were authorized for issuance. Management expects the actions it has taken or will take will mitigate the risk associated with the identified events and conditions. However, given the uncertainty and exogenous nature of the ongoing war and potential future imposed sanctions as well as potential new counter-sanctions, and given the possible future imposition of external administration over our Ukrainian operations in particular, management concluded that a material uncertainty remains related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, such that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2022, and once available, the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2023 (which are expected to be published in the last quarter of 2024 due to the delay the Group experienced in appointing an auditor for 2023).

A number of new and amended standards became effective as of January 1, 2024, which did not have a material impact on VEON financial statements. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

Amsterdam, June 26, 2024

VEON Holdings B.V.