

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, 2021

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the three-month period ended March 31

(In millions of U.S. dollars)

	Note	2021	2020
Service revenues		1,853	1,978
Sale of equipment and accessories		105	88
Other revenue		31	31
Total operating revenues	2	1,989	2,097
Other operating income		1	—
Service costs		(365)	(380)
Cost of equipment and accessories		(102)	(89)
Selling, general and administrative expenses		(628)	(668)
Depreciation		(415)	(415)
Amortization		(71)	(91)
Impairment (loss) / reversal		(6)	—
Gain / (loss) on disposal of non-current assets		(4)	(7)
Operating profit / (loss)		399	447
Finance costs		(168)	(205)
Finance income		(3)	17
Other non-operating gain / (loss)		5	15
Net foreign exchange gain / (loss)		8	(29)
Profit / (loss) before tax		241	245
Income tax expense	3	(92)	(80)
Profit / (loss) for the period		149	165
Attributable to:			
The owners of the parent		141	153
Non-controlling interest		8	12
		149	165

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)

	Note	2021	2020
Profit / (loss) for the period		149	165
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation	4	(2)	(581)
Other		(2)	2
<i>Items reclassified to profit or loss</i>			
Other		1	(5)
Other comprehensive income / (loss), net of tax		(3)	(584)
Total comprehensive income / (loss), net of tax		146	(419)
Attributable to:			
The owners of the parent		147	(364)
Non-controlling interests		(1)	(55)
		146	(419)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of

<i>(In millions of U.S. dollars)</i>	Note	March 31, 2021	December 31, 2020
Assets			
Non-current assets			
Property and equipment	5	6,889	6,853
Intangible assets	6	4,099	4,142
Investments and derivatives	7	1,972	1,951
Deferred tax assets		203	186
Other assets		193	179
Total non-current assets		13,356	13,311
Current assets			
Inventories		110	111
Trade and other receivables		740	690
Investments and derivatives	7	351	338
Current income tax assets		72	70
Other assets		400	329
Cash and cash equivalents	8	1,110	1,498
Total current assets		2,783	3,036
Total assets		16,139	16,347
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		1,711	1,528
Non-controlling interests		849	850
Total equity		2,560	2,378
Non-current liabilities			
Debt and derivatives	7	8,851	9,119
Provisions		137	141
Deferred tax liabilities		134	127
Other liabilities		30	27
Total non-current liabilities		9,152	9,414
Current liabilities			
Trade and other payables		2,073	2,202
Debt and derivatives	7	1,122	1,221
Provisions		120	110
Current income tax payables		204	175
Other liabilities		908	847
Total current liabilities		4,427	4,555
Total equity and liabilities		16,139	16,347

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, 2021

(In millions of U.S. dollars, except share amounts)	Note	Attributable to equity owners of the parent						Total	Non-controlling interests	Total equity
		Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation			
As of January 1, 2021		30,099,998	39	12,992	(2,392)	(2,538)	(6,573)	1,528	850	2,378
Profit / (loss) for the period		—	—	—	—	141	—	141	8	149
Other comprehensive income / (loss)		—	—	—	(1)	—	7	6	(9)	(3)
Total comprehensive income / (loss)		—	—	—	(1)	141	7	147	(1)	146
(Distributions to) and capital contribution from parent		—	—	36	—	—	—	36	—	36
Other		—	—	—	1	(1)	—	—	—	—
As of March 31, 2021		30,099,998	39	13,028	(2,392)	(2,398)	(6,566)	1,711	849	2,560

for the three-month period ended March 31, 2020

(In millions of U.S. dollars, except share amounts)	Note	Attributable to equity owners of the parent						Total	Non-controlling interests	Total equity
		Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation			
As of January 1, 2020		30,099,998	39	13,386	(2,378)	(2,407)	(6,111)	2,529	994	3,523
Profit / (loss) for the period		—	—	—	—	153	—	153	12	165
Other comprehensive income / (loss)		—	—	—	(4)	—	(513)	(517)	(67)	(584)
Total comprehensive income / (loss)		—	—	—	(4)	153	(513)	(364)	(55)	(419)
(Distributions to) and capital contribution from parent	9	—	—	(270)	—	—	—	(270)	—	(270)
Other		—	—	—	(2)	(9)	—	(11)	10	(1)
As of March 31, 2020		30,099,998	39	13,116	(2,384)	(2,263)	(6,624)	1,884	949	2,833

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

<i>(In millions of U.S. dollars)</i>	Note	2021	2020
Operating activities			
Profit / (loss) before tax		241	245
<i>Non-cash adjustments to reconcile profit before tax to net cash flows</i>			
Depreciation, amortization and impairment loss / (reversal)		492	506
(Gain) / loss on disposal of non-current assets		4	7
Finance costs		168	205
Finance income		3	(17)
Other non-operating (gain) / loss		(5)	(15)
Net foreign exchange (gain) / loss		(8)	29
Changes in trade and other receivables and prepayments		(82)	(87)
Changes in inventories		(1)	23
Changes in trade and other payables		11	34
Changes in provisions, pensions and other		16	(25)
Interest paid		(135)	(157)
Interest received		5	7
Income tax paid		(74)	(72)
Net cash flows from operating activities		635	683
Investing activities			
Purchase of property, plant and equipment and intangible assets		(569)	(449)
Receipts from / (payments on) deposits		2	(20)
Receipts from / (investment in) financial assets		(13)	(36)
Other proceeds from investing activities, net		(26)	3
Net cash flows from / (used in) investing activities		(606)	(502)
Financing activities			
Proceeds from borrowings, net of fees paid*		202	1,087
Repayment of debt		(352)	(717)
Acquisition of non-controlling interest	7	(273)	(1)
(Distributions to) / contributions from owners of the parent		—	(270)
Net cash flows from / (used in) financing activities		(423)	99
Net (decrease) / increase in cash and cash equivalents		(394)	280
Net foreign exchange difference		—	(69)
Cash and cash equivalents at beginning of period, net of overdrafts		1,491	1,159
Cash and cash equivalents at end of period, net of overdrafts**	8	1,097	1,370

* Fees paid for borrowings were US\$16 (2020: US\$8).

** Overdrawn amount was US\$13 (2020: US\$39).

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

Notes to the interim condensed consolidated financial statements

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

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

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

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

The special purpose consolidated financial statements were authorized by the Directors for issuance on April 29, 2021. The Company has the ability to amend and reissue the consolidated financial statements.

The special purpose condensed consolidated financial statements are presented in United States dollars (“**U.S. dollar**” or “**US\$**”). In these notes, U.S. dollar amounts are presented in millions, except for share amounts and as otherwise indicated.

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

Financing activities

In March 2021, VEON successfully entered into a new multi-currency revolving credit facility agreement (the “**RCF**”) of US\$1,250. The RCF replaces the revolving credit facility signed in February 2017, which is now cancelled. Refer [Note 7](#) for further details.

In March 2021, VEON successfully amended and restated its existing RUB 30 billion (US\$396), bilateral term loan agreement with Alfa Bank by adding a new floating rate tranche of RUB 15 billion (US\$198). Refer to [Note 7](#) for further details.

Other developments

In March 2021, VEON successfully concluded the acquisition of the 15% minority stake in Pakistan Mobile Communications Limited from the Dhabi Group for US\$273. Refer to [Note 7](#) for further details.

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

Notes to the interim condensed consolidated financial statements

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

OPERATING ACTIVITIES OF THE GROUP

2 SEGMENT INFORMATION

Management analyzes the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. All the segments are grouped and analyzed as three main markets - our cornerstone, our growth engines and our frontier markets - representing the Company's strategy and capital allocation framework.

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 exc. licenses and ROU**"). Management does not analyze assets or liabilities by reportable segments.

Financial information by reportable segment for the three-month period ended March 31, is presented in the following tables. Inter-segment transactions between segments 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		2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020						
<u>Our cornerstone</u>										
Russia	690	794	131	138	97	83	2	5	920	1,020
<u>Our growth engines</u>										
Pakistan	318	294	—	—	5	1	24	21	347	316
Ukraine	227	222	16	15	—	—	1	1	244	238
Kazakhstan	102	98	22	18	2	1	1	1	127	118
Uzbekistan	45	55	—	—	—	—	—	—	45	55
<u>Our frontier markets</u>										
Algeria	159	184	—	—	1	1	—	—	160	185
Bangladesh	132	134	—	—	—	—	3	3	135	137
Other frontier markets	18	30	—	6	—	2	—	—	18	38
<u>Other</u>										
HQ and eliminations	(7)	(10)	—	—	—	—	—	—	(7)	(10)
Total segments	1,684	1,801	169	177	105	88	31	31	1,989	2,097

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

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2021	2020	2021	2020
<u>Our cornerstone</u>				
Russia	361	427	199	166
<u>Our growth engines</u>				
Pakistan	156	147	92	68
Ukraine	167	161	39	38
Kazakhstan	66	63	21	25
Uzbekistan	22	25	12	5
<u>Our frontier markets</u>				
Algeria	68	81	33	15
Bangladesh	55	59	26	44
Other frontier markets	6	14	3	7
<u>Other</u>				
HQ and eliminations	(6)	(17)	—	—
Total segments	895	960	425	368

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

	2021	2020
Profit / (loss) before tax	241	245
<i>Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA</i>		
Depreciation	415	415
Amortization	71	91
Impairment loss / (reversal)	6	—
(Gain) / loss on disposal of non-current assets	4	7
Finance costs	168	205
Finance income	3	(17)
Other non-operating (gain) / loss	(5)	(15)
Net foreign exchange (gain) / loss	(8)	29
Total Adjusted EBITDA	895	960

Notes to the interim condensed consolidated financial statements

*(in millions of U.S. dollars unless otherwise stated)***3 INCOME TAXES**

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

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

	2021	2020
Current income taxes	92	59
Deferred income taxes	—	21
Income tax expense	92	80
Effective tax rate	38.2 %	32.7 %

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2021, 38.2% was primarily driven by tax uncertainties and deferred tax assets not recognized.

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2020, 32.7% was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement, as well as withholding taxes accrued for dividends expected from our operating companies.

Notes to the interim condensed consolidated financial statements

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

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT EVENTS & TRANSACTIONS

During the three-month period ended March 31, 2021

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

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

During the three-month period ended March 31, 2020

GTH restructuring

During the first quarter of 2020, VEON continued with the restructuring of Global Telecom Holding S.A.E. ("GTH"), with the intragroup transfer of Mobilink Bank completing in March 2020. There was no material impact on the consolidated financial statements stemming from this intergroup transfer as the operating assets of GTH operations have always been fully consolidated within balance sheet of VEON group.

Significant movements in exchange rates

An increase in demand for hard currencies, in part due to the coronavirus outbreak, resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, in the first quarter of 2020, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, decreased significantly, with a corresponding loss of US\$581 recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

Notes to the interim condensed consolidated financial statements

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

5 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:

	2021	2020
Balance as of January 1	6,853	7,324
Additions	521	359
Disposals	(16)	(12)
Depreciation	(415)	(415)
Impairment	(6)	—
Currency translation	(49)	(1,074)
Other	1	14
Balance as of March 31	6,889	6,196

Notes to the interim condensed consolidated financial statements

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

6 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.

	2021	2020
Balance as of January 1	4,142	5,675
Additions	44	75
Amortization	(71)	(91)
Currency translation	(16)	(738)
Balance as of March 31	4,099	4,921

Goodwill

Included within total intangible asset movements for the three-month period ended March 31, 2021, as shown above, are the following movements in goodwill for the group, per cash generating unit ("CGU"):

CGU	March 31, 2021	Currency translation	December 31, 2020
Russia	1,103	(28)	1,131
Algeria	1,038	(15)	1,053
Pakistan	340	16	324
Kazakhstan	139	(1)	140
Uzbekistan	34	—	34
Total	2,654	(28)	2,682

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, amongst others, the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the quarterly financial performances of each cash-generating unit ("CGU").

VEON performed its annual impairment testing at September 30, 2020. 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, 2020.

There was no goodwill impairment recorded in the first quarter of 2021 or 2020.

Notes to the interim condensed consolidated financial statements

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

FINANCING ACTIVITIES OF THE GROUP

7 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	March 31, 2021	December 31, 2020
At fair value		
Derivatives not designated as hedges	—	20
Derivatives designated as net investment hedges	5	3
Investments in debt instruments	94	75
	99	98
At amortized cost		
Loans granted to subsidiaries of ultimate parent	1,858	1,837
Security deposits and cash collateral	338	325
Other investments	28	29
	2,224	2,191
Total investments and derivatives	2,323	2,289
Non-current	1,972	1,951
Current	351	338

The Company holds the following debt and derivative liabilities:

	March 31, 2021	December 31, 2020
At fair value		
Derivatives not designated as hedges	33	52
Derivatives designated as net investment hedges	—	1
	33	53
At amortized cost		
Principal amount outstanding	7,588	7,675
Interest accrued	101	85
Discounts, unamortized fees, hedge basis adjustment	(18)	(5)
Bank loans and bonds	7,671	7,755
Loans received from subsidiaries of ultimate parent	304	304
Lease liabilities	1,921	1,894
Put-option liability over non-controlling interest	—	273
Other financial liabilities	44	61
	9,940	10,287
Total debt and derivatives	9,973	10,340
Non-current	8,851	9,119
Current	1,122	1,221

Notes to the interim condensed consolidated financial statements

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

Significant changes in financial assets and financial liabilities

There were no significant changes in financial assets and liabilities in the three-month period ended March 31, 2021, except for the scheduled repayments of debt or as described below. Furthermore, there were no changes in risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended December 31, 2020.

Acquisition of minority stake in PMCL

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

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

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

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

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

VEON increases facility with Alfa-Bank

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

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

Fair values

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

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US\$8,075 at March 31, 2021 (December 31, 2020: US\$8,330); and
- 'Lease liabilities', for which fair value has not been determined.

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

As of March 31, 2021 and December 31, 2020, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs. Observable inputs (Level 2) used in valuation techniques include inter-bank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads. During the three-month period ended March 31, 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

Notes to the interim condensed consolidated financial statements

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

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	March 31, 2021	December 31, 2020
Cash at banks and on hand	844	598
Short-term deposits with original maturity of less than three months	266	900
Cash and cash equivalents	1,110	1,498
Less overdrafts	(13)	(7)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	1,097	1,491

As of March 31, 2021 and December 31, 2020, there were no restricted cash and cash equivalent balances. Cash balances as of March 31, 2021 include investments in money market funds of US\$161 (December 31, 2020: US\$543).

As of March 31, 2021, some bank accounts forming part of a cash pooling program and being an integral part of the Company's cash management remained overdrawn by US\$13 (December 31, 2020: US\$7). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as financial liabilities within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows.

9 DIVIDENDS AND CAPITAL DISTRIBUTIONS

There were no dividends or capital distributions paid during the three-month period ended March 31, 2021.

In March 2020, the Company made a capital distribution to its shareholder of US\$270.

Notes to the interim condensed consolidated financial statements

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

ADDITIONAL INFORMATION

10 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 three-month period ended March 31:

	2021	2020
Finance income	—	10
	—	10
Services from		
VEON Wholesale Services B.V.	—	1
VEON Ltd.	—	5
Finance cost	8	—
	8	6

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

	March 31, 2021	December 31, 2020
Accounts receivable from		
VEON Ltd.	100	100
Others	20	20
Financial assets receivable from		
VEON Amsterdam B.V.	1,330	1,328
VEON Digital Amsterdam B.V.	300	302
VC ESOP N.V.	152	152
VEON Digital Limited	42	33
Interest accrued	34	22
	1,978	1,957
Accounts payable to		
VEON Ltd.	180	213
Others	29	29
Financial liabilities to		
VEON Digital Amsterdam B.V.	300	300
Interest accrued	4	4
	513	546

11 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, 2021.

Notes to the interim condensed consolidated financial statements

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

12 EVENTS AFTER THE REPORTING PERIOD

Leadership changes

In April 2021, VEON announced changes to its leadership structure. Co-CEO Sergi Herrero, who joined the company in September 2019, will step down as co-CEO effective June 30, 2021. Sergi is expected to continue advising the company, in particular with respect to the VEON Ventures businesses which focus on generating value in high growth areas. Kaan Terzioglu will continue in his role as CEO of VEON Ltd. with overall responsibility for corporate matters and the general operations of the group.

13 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three-month period ended March 31, 2021 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, 2020.

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.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2020.

A number of new and amended standards became effective as of January 1, 2021, 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, April 29, 2021

VEON Holdings B.V.