Special purpose

Unaudited interim condensed

consolidated financial statements

VEON Holdings B.V.

(a wholly-owned subsidiary of

VEON Ltd.)

As of and for the nine and three-month periods

ended September 30, 2022

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

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the nine and three-month periods ended September 30:

		Nine-month period		Three-month period	
(In millions of U.S. dollars, except per share amounts)	**Note**	**2022**	**2021***	**2022**	**2021***
Service revenues		5,521	5,279	1,965	1,821
Sale of equipment and accessories		272	357	78	147
Other revenue		102	96	30	33
Total operating revenues	2	**5,895**	**5,732**	**2,073**	**2,001**
Other operating income		6	2	1	1
Service costs		(1,035)	(1,031)	(381)	(346)
Cost of equipment and accessories		(252)	(346)	(73)	(139)
Selling, general and administrative expenses		(1,937)	(1,751)	(699)	(601)
Depreciation		(1,203)	(1,141)	(422)	(391)
Amortization		(266)	(218)	(96)	(79)
Impairment (loss) / reversal	6 & 7	(332)	(5)	148	—
Gain / (loss) on disposal of non-current assets		10	(9)	(8)	(5)
Gain / (loss) on disposal of subsidiaries	4	(30)	—	(4)	—
Operating profit		**856**	**1,233**	**539**	**441**
Finance costs		(654)	(515)	(248)	(190)
Finance income		49	16	25	10
Other non-operating gain / (loss)		24	7	22	—
Net foreign exchange gain / (loss)		56	—	(131)	(8)
Profit / (loss) before tax		**331**	**741**	**207**	**253**
Income taxes	3	7	(280)	60	(107)
Profit / (loss) from continuing operations		**338**	**461**	**267**	**146**
Profit /(loss) from discontinued operations after tax		142	88	20	68
Gain / (loss) on disposal of discontinued operations	5	(722)	—	(722)	—
Profit / (loss) after tax from discontinued operations and disposals		**(580)**	**88**	**(702)**	**68**
Profit / (loss) for the period		**(242)**	**549**	**(435)**	**214**
Attributable to:					
The owners of the parent (continuing operations)		275	424	230	133
The owners of the parent (discontinued operations)		(657)	40	(713)	31
Non-controlling interest		140	85	48	50
		(242)	**549**	**(435)**	**214**

**Prior year comparatives are adjusted following the classification of Algeria as a discontinued operation (see Note 5)*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine and three-month periods ended September 30:

		Nine-month period		Three-month period	
(In millions of U.S. dollars)	**Note**	**2022**	**2021**	**2022**	**2021**
Profit / (loss) for the period		**(242)**	**549**	**(435)**	**214**
Items that may be reclassified to profit or loss					
Foreign currency translation		(450)	(94)	(420)	(101)
Items reclassified to profit or loss					
Other		—	2	—	—
Other comprehensive income / (loss) , net of tax		**(450)**	**(92)**	**(420)**	**(101)**
Total comprehensive income / (loss) , net of tax		**(692)**	**457**	**(855)**	**113**
Attributable to:					
The owners of the parent		33	403	(75)	72
Non-controlling interests		(725)	54	(780)	41
		(692)	**457**	**(855)**	**113**

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	September 30, 2022	December 31, 2021
Assets			
Non-current assets			
Property and equipment	6	7,437	6,705
Intangible assets	7	3,117	3,220
Investments and derivatives	8	1,466	1,412
Deferred tax assets		332	227
Other assets		175	217
Total non-current assets		**12,527**	**11,781**
Current assets			
Inventories		133	111
Trade and other receivables		859	797
Investments and derivatives	8	566	456
Current income tax assets		73	70
Other assets		350	333
Cash and cash equivalents	9	3,249	2,170
Total current assets		**5,230**	**3,937**
Assets classified as held for sale	5	5	1,882
Total assets		**17,762**	**17,600**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		1,983	1,981
Non-controlling interests		189	913
Total equity		**2,172**	**2,894**
Non-current liabilities			
Debt and derivatives	8	9,030	9,397
Provisions		83	85
Deferred tax liabilities		37	115
Other liabilities		54	36
Total non-current liabilities		**9,204**	**9,633**
Current liabilities			
Trade and other payables		1,847	2,072
Debt and derivatives	8	3,472	1,535
Provisions		64	100
Current income tax payables		174	228
Dividend payable		2	—
Other liabilities		827	746
Total current liabilities		**6,386**	**4,681**
Liabilities associated with assets held for sale	5	0	392
Total equity and liabilities		**17,762**	**17,600**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended September 30, 2022:

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of December 31, 2021		**30,099,998**	**39**	**13,028**	**(2,626)**	**(1,729)**	**(6,731)**	**1,981**	**913**	**2,894**
Profit / (loss) for the period		—	—	—	—	(382)	—	(382)	140	(242)
Reclassification		—	—	—	—	148	(148)	—	—	—
Transfer to income statement on disposal of subsidiary		—	—	—	—	—	738	738	(824)	(86)
Other comprehensive income / (loss)		—	—	—	—	—	(323)	(323)	(41)	(364)
Total comprehensive income / (loss)		—	—	—	—	(234)	267	33	(725)	(692)
Dividends declared	11	—	—	—	—	—	—	—	(11)	(11)
Changes in ownership interest in a subsidiary that do not result in a loss of control		—	—	—	(29)	—	5	(24)	6	(18)
Other		—	—	—	—	(7)	—	(7)	6	(1)
As of September 30, 2022		**30,099,998**	**39**	**13,028**	**(2,655)**	**(1,970)**	**(6,459)**	**1,983**	**189**	**2,172**

for the nine-month period ended September 30, 2021:

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of December 31, 2020		**30,099,998**	**39**	**12,993**	**(2,390)**	**(2,541)**	**(6,573)**	**1,528**	**850**	**2,378**
Profit / (loss) for the period		—	—	—	—	464	—	464	85	549
Other comprehensive income / (loss)		—	—	—	—	(3)	(58)	(61)	(31)	(92)
Total comprehensive income / (loss)		—	—	—	—	461	(58)	403	54	457
Dividends declared to non-controlling interest		—	—	—	—	—	—	—	(78)	(78)
Acquisition of non controlling interest		—	—	—	(76)	—	—	(76)	69	(7)
(Distributions to) and capital contributions from parent	9	—	—	36	—	—	—	36	—	36
Other		—	—	—	(158)	1	—	(157)	(3)	(160)
As of September 30, 2021		**30,099,998**	**39**	**13,029**	**(2,624)**	**(2,079)**	**(6,631)**	**1,734**	**892**	**2,626**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine-month period ended September 30:

		Nine-month period	
(In millions of U.S. dollars)	**Note**	**2022**	**2021***
Operating activities			
Profit / (loss) before tax		331	741
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		1,801	1,364
(Gain) / loss on disposal of non-current assets		(10)	9
(Gain) / loss on disposal of subsidiaries		30	—
Finance costs		654	515
Finance income		(49)	(16)
Other non-operating (gain) / loss		(24)	(7)
Net foreign exchange (gain) / loss		(56)	—
Changes in trade and other receivables and prepayments		(121)	(178)
Changes in inventories		(11)	(8)
Changes in trade and other payables		174	35
Changes in provisions, pensions and other		34	14
Interest paid		(558)	(443)
Interest received		28	18
Income tax paid		(236)	(191)
Net cash flows from operating activities from continuing operations		**1,987**	**1,853**
Net cash flow from operating activities from discontinued operations		**147**	**209**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(1,593)	(1,320)
Receipts from / (payment on) deposits		(42)	(33)
Loans granted		(123)	(15)
Acquisition of a subsidiary, net of cash acquired		(14)	—
Proceeds from sales of share in subsidiaries, net of cash		571	—
Receipts from / (investment in) financial assets		(18)	(33)
Other proceeds from investing activities, net		14	6
Net cash flows from / (used in) investing activities from continuing operations		**(1,205)**	**(1,395)**
Net cash flow from / (used in) investing activities from discontinued operations		**(64)**	**(89)**
Financing activities			
Proceeds from borrowings, net of fees paid**	8	1,989	835
Repayment of debt		(1,766)	(1,085)
Acquisition of non-controlling interest		(21)	(279)
Dividends paid to non-controlling interests		(10)	(6)
Other movements, net		2	—
Net cash flows from / (used in) financing activities from continuing operations		**194**	**(535)**
Net cash flow from / (used in) financing activities from discontinued operations		**(13)**	**(62)**
Net (decrease) / increase in cash and cash equivalents		1,046	(19)
Net foreign exchange difference related to continuing operations		(60)	(17)
Net foreign exchange difference related to discontinued operations		(7)	
Cash and cash equivalents classified as held for sale at the beginning of the period		113	—
Cash and cash equivalents classified as held for sale at the end of the period		—	(92)
Cash and cash equivalents at beginning of period		2,157	1,566
Cash and cash equivalents at end of period, net of overdrafts* **	**9**	**3,249**	**1,438**

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

** *Fees paid for borrowings were US$10 (2021: US$22)*

*** *Cash pool overdrawn amount was less than US$0.1 (2021: US$30)*

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 wireless, fixed and broadband internet services, as well as selling equipment, infrastructure and accessories.

The special purpose unaudited interim condensed consolidated financial statements were authorized by the Directors for issuance on December 23, 2022. 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.

Major developments during the nine-month period ended September 30, 2022

Sale of Algeria operations

On July 1, 2021, VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnium Telecom Algerie SpA (Algeria) to the Fonds National d'Investissement (FNI). Omnium owns Algerian mobile network operator, Djezzy. Under the terms of the Shareholders' Agreement, the transaction was completed on August 5, 2022 for a sale price of US$682. For further details of this transaction, please refer to Note 5.

Sale of Georgia Operations

On March 31, 2022, VEON Georgia Holdings B.V. entered a non-binding share purchase agreement with Miren Invest LLC, VEON's former local partner, for the sale of VEON Georgia LLC, our operating company in Georgia, for US$45, subject to VEON corporate approvals and regulatory approvals. The sale was completed on June 8, 2022 (see Note 4 Significant Transactions).

Financing activities

In February 2022, the maturity of the multi-currency revolving credit facility originally entered into in March 2021 (the "RCF") was extended for one year until March 2025; two banks did not agree to extend, as a result US$250 will mature at the original maturity in March 2024.

In February 2022, VEON Holdings B.V. drew US$430 under the RCF. Subject to the terms set out in the RCF, the outstanding balance can be rolled over until final maturity.

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

In February 2022, VEON Holdings B.V. prepaid RUB 30 billion (US$396) of outstanding loans to VTB Bank originally maturing in July 2025.

In February 2022, VEON Finance Ireland DAC signed a RUB 30 billion (US$400) Term Facility Agreement with VTB Bank with a floating rate. This facility was guaranteed by VEON Holding B.V. and had a maturity of February 2029. The proceeds from this facility were used for general corporate purposes, including the financing of intercompany loans to PJSC VimpelCom.

In March 2022, Alfa Bank (US$125 commitment) and Raiffeisen Bank Russia (US$70 commitment) notified the Agent under the RCF that as a result of new Russian regulatory requirements following a presidential decree, they could no longer participate in the RCF. As a result, their available commitments were cancelled and the total RCF size reduced from US$1,250 to US$1,055. The drawn portion from Alfa Bank (US$43) was subsequently repaid in April and the drawn portion from Raiffeisen Bank Russia (US$24) was repaid in May 2022.

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

In March 2022, VEON Finance Ireland DAC prepaid the RUB 30 billion (US$259) Term Facility Agreement with VTB Bank in accordance with its terms, and the facility was cancelled.

In April and May 2022, VEON Holdings B.V. received US$610 following a utilization under the RCF. Subject to the terms set out in the RCF, this amount can be rolled until maturity.

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

In April 2022, PMCL signed a PKR 40 billion (US$217) syndicated loan with a 10 year maturity. The drawn amount under the facility is PKR 30 billion (US$156).

In April 2022, Banglalink signed a BDT 12 billion (US$139) syndicated loan with a five year maturity till April 2027. During May 2022, Banglalink utilized BDT 9 billion (US$103) of the total syndicated loan which was partially used to fully repay the old BDT facility (US$38).

In March, April, May and June 2022, Kyivstar fully prepaid a UAH 1,350 million (US$46) loan with JSC CitiBank, a UAH 1,275 (US$44) million loan with JSC Credit Agricole and a UAH 1,677 million (US$57) loan with Alfa bank, and also prepaid a portion of a UAH 1,250 million loan with OTP Bank (UAH 490 million (US$17).

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

Other developments

On February 24, 2022, a military conflict began between Russia and Ukraine and as of December 23, 2022, the conflict is still ongoing. Refer to Note 14 for further details.

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

On April 12, 2022, Jazz signed a 4G license renewal with the PTA for a fee of PKR 45 billion (US$486) for fifteen years, of which 50% has been settled, and the remaining amount will be paid in five equal annual installments.

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

On September 20, 2022, the VEON Board of Directors approved a share grant to the VEON Group Chief Executive Officer, Kaan Terzioglu under the 2021 Deferred Shares Plan with a grant date of October 1, 2022. Refer to Note 11 for further details.

Changes to Board of Directors

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

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

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

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

On May 25, 2022 VEON announced that its Board of Directors and its Nominating and Corporate Governance Committee have recommended 11 individuals for the Board, including eight directors currently serving on the Board and three new members.The Board also announced that Gennady Gazin, Leonid Boguslavsky and Sergi Herrero did not put themselves up for reelection.

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

.Major developments during the nine-month period ended September 30, 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 to Note 8 for further details.

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

Notes to the interim condensed consolidated financial statements

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

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

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

In June 2021, Pakistan Mobile Communication Limited (PMCL) secured a PKR 50 billion (US$320) syndicated credit facility from a banking consortium led by Habib Bank Limited. This 10-year facility will be used to finance the company's ongoing 4G network rollouts and technology upgrades, as well as to address upcoming maturities.

In September 2021, VEON Holdings B.V. issued senior unsecured notes of RUB 20 billion (US$273) under the Global Medium Term Note Programme established in April 2020 (the "GMTN Programme"), maturing in September 2026 and proceeds were used to early repay RUB 20 billion (US$273) of loans from Sberbank, originally maturing in June 2023.

Other developments

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

In March 2021, VEON's operating company in Bangladesh acquired spectrum following successful bids at an auction held by the BTRC. Refer to Note 4 for further details.

In September 2021, VEON's operating company in Pakistan recognized the ex-Warid license. Refer to Note 4 for further details.

Exercised Put option to sell entirety stake in Omnium Telecom Algerie SpA

On July 1, 2021 VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnium Telecom Algerie SpA (Algeria" to the Fonds National d'Investissement (FNI). Omnium owns Algerian mobile network operator, Djezzy. Under the terms of the Shareholders' Agreement, the transaction was completed on August 5, 2022.

The Company classified its operations in Algeria as a held-for-sale and discontinued operations. In connection with this classification, the Company no longer accounts for depreciation and amortization expenses of Algeria assets. The results for Algeria in the consolidated income statements and the consolidated statements of cash flows for 2020 have been presented separately. (see Note 5).

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

On September 5, 2021, the Company and VEON LTD., an ultimate parent of the Company, signed an agreement for the sale of its direct subsidiary, National Tower Company ("NTC"), with Service Telecom Group of Companies LLC for approximately US$970. The transaction is subject to regulatory approvals and consummation of other customary closing conditions which are expected to be completed by the end of 2021. Under the terms of the deal, Russia entered into a long-term lease agreement with NTC under which Russia will lease space upon NTC's portfolio of 15,400 towers for a period of 8 years and an additional 5,000 towers to be leased in the duration of the lease term. The agreement was signed on October 15, 2021.

As a result of this anticipated transaction, the Company expects to transfer control of NTC and therefore classified the assets and liabilities in NTC as held-for-sale in these consolidated financial statements. In connection with this classification, the Company no longer accounts for depreciation and amortization expenses of the NTC assets (see Note 4 Significant Transactions).

Notes to the interim condensed consolidated financial statements

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

OPERATING ACTIVITIES OF THE GROUP

2 SEGMENT INFORMATION

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

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

Reportable segments consist of Russia, Pakistan, Ukraine, Kazakhstan, Uzbekistan and Bangladesh. Following the exercise of the put option for our stake in Algeria on July 1, 2021, the Algerian business has, in line with the IFRS 5 requirements, become a discontinued operation, and accounted for as an "Asset held for sale". On August 5, 2022, the sale transaction was completed and accordingly, the Algeria operations were disposed (see Note 5). We also present our results of operations for "Others" and "HQ and eliminations" separately, although these are not reportable segments. "Others" represents our operations in Kyrgyzstan and Georgia and "HQ and eliminations" represents transactions related to management activities within the group. See Note 4 Significant Transactions for details on the sale of Georgia operations.

Financial information by reportable segment for the nine and three-month periods ended September 30, is presented in the following tables. Inter-segment transactions are not material, and are made on terms which are comparable to transactions with third parties.

For the nine-month period ended September 30:

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Russia	2,388	2,140	454	404	251	333	7	7	3,100	2,884
Pakistan	865	978	—	—	11	13	77	76	953	1,067
Ukraine	697	718	46	50	—	—	4	4	747	772
Kazakhstan	370	336	81	67	9	11	7	1	467	415
Uzbekistan	169	142	1	1	—	—	—	—	170	143
Bangladesh	429	412	—	—	—	—	8	8	437	420
Others	53	59	—	—	—	—	—	—	53	59
HQ and eliminations	(23)	(14)	(9)	(14)	1	—	(1)	—	(32)	(28)
Total segments	**4,948**	**4,771**	**573**	**508**	**272**	**357**	**102**	**96**	**5,895**	**5,732**

Notes to the interim condensed consolidated financial statements

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

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2022	2021	2022	2021
Russia	1,286	1,100	585	728
Pakistan	430	490	166	239
Ukraine	452	523	111	136
Kazakhstan	239	224	73	68
Uzbekistan	100	67	58	20
Bangladesh	164	174	157	54
Others	21	33	10	12
HQ and eliminations	(15)	(5)	(2)	—
Total segments	**2,677**	**2,606**	**1,158**	**1,257**

For the three-month period ended September 30:

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Russia	941	745	176	138	72	140	1	2	1,190	1,025
Pakistan	263	320	—	—	3	3	23	26	289	349
Ukraine	204	252	14	17	—	—	1	2	219	271
Kazakhstan	107	122	54	23	3	5	2	—	166	150
Uzbekistan	61	51	1	1	—	—	—	—	62	52
Bangladesh	141	142	—	—	—	—	3	3	144	145
Others	14	22	—	—	—	—	—	—	14	22
HQ and eliminations	(5)	(7)	(6)	(5)	—	(1)	—	—	(11)	(13)
Total segments	**1,726**	**1,647**	**239**	**174**	**78**	**147**	**30**	**33**	**2,073**	**2,001**

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2022	2021	2022	2021
Russia	510	385	218	230
Pakistan	120	173	25	58
Ukraine	126	183	53	45
Kazakhstan	85	86	39	24
Uzbekistan	28	27	18	7
Bangladesh	53	62	52	12
Others	5	9	3	6
HQ and eliminations	(6)	(9)	2	(1)
Total segments	**921**	**916**	**410**	**381**

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 to Total Adjusted EBITDA for the nine and three-month periods ended September 30:

	Nine-month period		Three-month period	
	2022	**2021**	**2022**	**2021**
Profit / (loss) before tax	**331**	**741**	**207**	**253**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA				
Depreciation	1,203	1,141	422	391
Amortization	266	218	96	79
Impairment loss / (reversal)	332	5	(148)	—
(Gain) / loss on disposal of non-current assets	(10)	9	8	5
Finance costs	654	515	248	190
Finance income	(49)	(16)	(25)	(10)
Other non-operating (gain) / loss	(24)	(7)	(22)	—
Net foreign exchange (gain) / loss	(56)	—	131	8
Total Adjusted EBITDA	**2,677**	**2,606**	**921**	**916**

Notes to the interim condensed consolidated financial statements

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

3 INCOME TAXES

Income tax 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 nine and three-month periods ended September 30:

	Nine-month period		Three-month period	
	2022	**2021**	**2022**	**2021**
Current income taxes	(209)	(258)	(46)	(94)
Deferred income taxes	216	(22)	106	(13)
Income taxes	**7**	**(280)**	**60**	**(107)**
Effective tax rate	2.1 %	37.8 %	29.0 %	42.3 %

The difference between the statutory tax rate in the Netherlands (25.8%) and the effective corporate income tax rate for the Group in the nine and three-month periods ending September 30, 2022 (2.1% and 29.0%, respectively) was primarily driven by a US$446 of goodwill impairment which was disallowed for tax purposes, as well as a number of prior year adjustments incurred by the Group in various countries, which are recorded in our consolidated income statement. In addition, deferred tax was primarily driven by a reversal of the withholding tax provided for as a deferred tax on outside basis during 2021 on the dividends planned to be paid out in 2022 of US$80, and a change in deferred tax assets recognition of US$140 mainly on account of US$106 of deferred tax asset recognition in Bangladesh on unabsorbed depreciation losses due to change in the forecasted profits as per revised business plan. The residual amount of US$34 comprises of US$27 driven by change in previously unrecognized losses in the Netherlands and US$7 of movements in the underlying taxable temporary differences incurred by the Group in various countries.

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the nine and three-month periods ending September 30, 2021 (37.8% and 42.3%, respectively) was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement, as well as tax uncertainties and withholding taxes accrued for forecasted dividends 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 TRANSACTIONS

During the nine-month period ended September 30, 2022

Sale of Algeria operations

On July 1, 2021, VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnium Telecom Algerie SpA (Algeria) to the Fonds National d'Investissement (FNI). Omnium owns Algerian mobile network operator, Djezzy. Under the terms of the Shareholders' Agreement, the transaction was completed on August 5, 2022 for a sale price of US$682. For further details of this transaction, please refer to Note 5.

Sale of Georgia operations

On March 31, 2022, VEON Georgia Holdings B.V. entered a non-binding share purchase agreement with Miren Invest LLC ("Miren"), VEON's former local partner, for the sale of VEON Georgia LLC ("VEON Georgia"), our operating company in Georgia, for US$45, subject to VEON corporate approvals and regulatory approvals. The required approvals were subsequently obtained and the sale was completed on June 8, 2022.

On June 8, 2022, upon completion of the sale to Miren, control of VEON Georgia was transferred to Miren and VEON recognized a US$30 loss on disposal of VEON Georgia, which includes the recycling of currency translation reserve in the amount of US$41.

VEON subsidiary Banglalink acquired 40 MHz of spectrum

On March 31, 2022, Banglalink, the Company's wholly-owned subsidiary in Bangladesh, acquired new spectrum, which became effective in August 2022, for a fee of US $205 payable in installments over eleven years, doubling its spectrum holding in Bangladesh. Banglalink acquired 40 MHz of spectrum from the 2,300 MHz band.

VEON subsidiary Jazz signed 4G License renewal

On April 12, 2022, Jazz signed a 4G license renewal, which became effective in July 2022, with the PTA for a fee of PKR 45 billion (US$486) for fifteen years, of which 50% has been settled, and the remaining amount will be paid in five equal annual installments.

During the nine-month period ended September 30, 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 BDT 10 billion (US$115) to purchase the spectrum.

VEON completes the acquisition of majority shareholding in OTM

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

PMCL Warid License Capitalization

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

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

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

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

On September 5, 2021, the Company and VEON Ltd., the ultimate parent of the Company, signed an agreement for the sale of its direct subsidiary, NTC, with Service Telecom Group of Companies LLC for approximately US$970. The transaction is subject to regulatory approvals and consummation of other customary closing conditions and completed in December 2021. Under the terms of the deal, Russia entered into a long-term lease agreement with NTC under which Russia will lease space upon NTC's portfolio of 15,400 towers for a period of 8 years and an additional 5,000 towers to be leased in the duration of the lease term. The agreement was signed on October 15, 2021.

As a result of this anticipated transaction and assessment that control of NTC will be transferred, on September 5, 2021, the Company classified NTC as a disposal group held-for-sale, including goodwill allocated to NTC from Russia based on its relative fair values at September 30, 2021. Following the classification as disposal group held-for-sale, the Company no longer accounts for depreciation and amortization expenses of NTC assets.

5 HELD FOR SALE AND DISCONTINUED OPERATIONS

The following table provides the details of assets and liabilities classified as held-for-sale as of September 30, 2022:

	Assets		Liabilities	
	—	2021	2022	2021
Algeria	—	1,846	—	391
Other individual assets	5	18	—	—
Total assets held for sale	5	1,864	—	391

Exercised Put option to sell entirety of its stake in Omnium Telecom Algerie SpA

On July 1, 2021, VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnium Telecom Algerie SpA (Algeria) to the Fonds National d'Investissement (FNI). Omnium owns Algerian mobile network operator, Djezzy. Under the terms of the Shareholders' Agreement, the transaction was completed on August 5, 2022 for a sale price of US$682 and control of Algeria was transferred to FNI. Refer to the table below for the results of the transaction.

On July 1, 2021, the Company classified its operations in Algeria as held-for-sale and discontinued operations. Following the classification as a disposal group held-for-sale, the Company did not account for depreciation and amortization expenses of Algeria assets. On August 5, 2022, the sale was completed and the net assets were disposed. The results for Algeria in the consolidated income statements and the consolidated statements of cash flows for the nine-month periods ended September 30, 2022 up until the date of disposal and 2021 have been presented separately.

The following table shows the profit/(loss) and other comprehensive income relating to Algeria operations for the nine-month periods ended September 30 until date of disposal:

	Nine-month period	
Income statement and statement of comprehensive income	**2022**	**2021**
Operating revenue	379	493
Operating expenses	(212)	(377)
Other expenses	(8)	(13)
Profit / (loss) before tax for the period	159	103
Income tax benefit / (expense)	(15)	(15)
Profit / (loss) after tax for the period	144	88
Other comprehensive income / (loss)*	(18)	(53)
Total comprehensive income / (loss)	**126**	**35**

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

Notes to the interim condensed consolidated financial statements

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

The following table shows the results for the disposal of Algeria that are accounted for in these financials as of September 30, 2022:

	2022
Consideration received	682
Carrying amount of net assets at disposal	(1,530)
Loss on sale before reclassification of foreign currency translation reserve and non-controlling interests	**(848)**
Derecognition of non-controlling interest	823
Reclassification of foreign currency translation reserve	(697)
Net loss on disposal of Algeria operations	**(722)**

Notes to the interim condensed consolidated financial statements

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6 PROPERTY AND EQUIPMENT

The following table summarizes the movement in the net book value of property and equipment for the nine-month period ended September 30:

	Nine-month period	
	2022	**2021**
Balance as of January 1	**6,705**	**6,853**
Additions	1,387	1,498
Disposals	(69)	(23)
Depreciation	(1,203)	(1,141)
Held for sale	21	(771)
Impairment*	(38)	(4)
Reversal of impairment	60	—
Translation adjustment	576	(5)
Other	(2)	(7)
Balance as of September 30	**7,437**	**6,400**

* This includes an impairment recorded for US$31 relating to Ukraine property, plant and equipment as a result of physical damage to sites in Ukraine caused by the ongoing conflict between Russia and Ukraine.

Notes to the interim condensed consolidated financial statements

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7 INTANGIBLE ASSETS

The following table summarizes the movement in the net book value of intangible assets, including goodwill for the nine-month period ended September 30:

	Nine-month period	
	2022	**2021**
Balance as of January 1	**3,220**	**4,142**
Additions	736	591
Disposals	(12)	—
Amortization	(266)	(218)
Held for sale	—	(1,356)
Impairment	(446)	—
Reversal of impairment	77	—
Translation adjustment	(191)	(32)
Other	(1)	(4)
Balance as of September 30	**3,117**	**3,123**

Goodwill

Included within total intangible asset movements for the nine-month period ended September 30, 2022, as shown above, are the following movements in goodwill for the group, per cash generating unit **("CGU")**:

CGU	**September 30, 2022**	**Others**	**Impairment**	**Currency translation**	**January 1, 2022**
Russia**	755	4	(446)	113	1,084
Ukraine	10	10	—	—	—
Pakistan	222	—	—	(65)	287
Kazakhstan	123	—	—	(13)	136
Uzbekistan	35	—	—	—	35
Total	**1,145**	**14**	**(446)**	**35**	**1,542**

Impairment analysis

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may be impaired. When reviewing for indicators of impairment in interim periods, the Company considers, 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, 2022. For further details regarding calculations and assumptions used for impairment testing, refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2021.

Based on the analysis performed, there was no goodwill impairment identified for any CGUs for the nine month periods ended September 30, 2022, except for our Russian CGU, which was already recognized in the three-month period ended March 31, 2022.

For Bangladesh and Kyrgyzstan CGUs historical non-goodwill impairments were reversed during the nine month periods ended September 30, 2022 amounting to US$ 100 for Bangladesh and US$ 49 for Kyrgyzstan.

Notes to the interim condensed consolidated financial statements

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Impairment losses in 2022

Russia CGU

The conflict between Russia and Ukraine started on February 24, 2022 and has impacted our operations in both countries. For further details regarding the direct or indirect impact that the conflict in Ukraine and the international response have had or may have on our business, please refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2021 and our annual report on Form 20-F for the year ended December 31, 2021 published on April 29, 2022.

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

The above factors have resulted in an impairment of US$446 against the carrying value of goodwill in Russia in the first quarter of 2022. The recoverable amount of the CGU of US$1,886 was determined based on fair value less costs of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management. Russia CGU is disclosed as Russia reportable segment (refer to Note 2).

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

** Combined average based on explicit forecast period of six years (2022-2027) and terminal period in 2028, and for comparative period explicit forecast period of five years (2022-2026) and terminal period in 2027.*

*** CAPEX excludes licenses and ROU*

**** The growth rates as of March 31, 2022, in the explicit forecast period and the combined average, were revised to conform the growth rates applied in the calculation of the recoverable amount in the first quarter of 2022.*

For any write-off booked for property, plant and equipment during the six-month period ended June 30, 2022 please refer to Note 6.

Sensitivity analysis

The following table illustrates the potential additional impairment for the Russia CGU if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods ('+/- 1.0 pp').

Any additional adverse changes in the key parameters by more than one percentage point would increase the amount of impairment exposure approximately proportionally.

Sensitivity analysis	**Combined average ***	**+/- 1.0 pp**
Discount rate	**20.5%**	**21.6%**
Change in key assumption	0.0 pp	1.0 pp
Headroom / (impairment)	—	*(115)*
Average annual revenue growth rate	**3.7%**	**2.7%**
Change in key assumption	0.0 pp	(1.0) pp

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Headroom / (impairment)	—	*(88)*
Average operating margin	**32.8%**	**31.8%**
Change in key assumption	0.0 pp	(1.0) pp
Headroom / (impairment)	—	*(157)*
Average CAPEX / revenue	**19.9%**	**20.9%**
Change in key assumption	0.0 pp	1.0 pp
Headroom / (impairment)	—	*(161)*

** Combined average based on explicit forecast period of six years (2022-2027) and terminal period (2028), includes intervening period of 2022.*

Following the recognition of an impairment loss in the first quarter of 2022, the book value of the Russia CGU is equal to its recoverable amount. As such, the 'break-even' assumptions for the Russia CGU are equivalent to the 'Combined average' assumptions.

As of September 30, 2022 VEON intends to sell the Russia CGU and started conducting a robust competitive sales process prior to the reporting date with multiple sales parties. The fair value less cost of disposal ("FVLCD") for Russia CGU as of 30 September 2022 was based on the expected sales proceeds which have been substantiated by the final share price consideration reflected in the SPA signed on 24 November 2022 (Level 2 input), refer to Note 13. The FVLCD represented by the SPA exceeds the carrying value of the Russia CGU as of 30 September 2022, therefore no impairment was recorded.

Although we believe that judgments made supporting our impairment assessment are reasonable (relying on information reasonably available to us), the current geopolitical situation makes it challenging for us to estimate the future performance of our CGUs. As circumstances change and/or new information becomes available, we may be required to record impairments in future periods.

Impairment reversals in 2022

Bangladesh CGU

Bangladesh is a non-goodwill CGU, and therefore not subject to the mandatory annual impairment testing. However, in 2018 an impairment loss of US$ 451 was recognized against the value of the licenses and the network assets. We therefore assessed triggers and performed valuation tests to assess if a further impairment or reversal of impairment was required.

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

The recoverable amount of US$ 474 was determined based on fair value less costs of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management. This recoverable amount led to a headroom of US$ 119 of which an amount of US$ 100 was booked as a reversal of the impairment loss as per September 30, 2022. Bangladesh CGU is disclosed as Bangladesh reportable segment (refer Note 2).

Key assumptions – Bangladesh CGU	September 30, 2022			September 30, 2021		
	Explicit forecast period	**Terminal period**	**Combined average ***	**Explicit forecast period**	**Terminal period**	**Combined average ***
Discount rate	— %	— %	**14.6 %**	— %	— %	**11.1 %**
Average annual revenue growth rate	12.6 %	3.5 %	**11.1 %**	11.0 %	4.5 %	**9.9 %**
Average operating margin	32.6 %	36.3 %	**33.2 %**	28.2 %	32.0 %	**28.8 %**
Average CAPEX / revenue **	18.0 %	17.0 %	**17.8 %**	19.2 %	18.0 %	**19.0 %**

* Combined average based on explicit forecast period of five years (2023-2027) and terminal period in 2028, and for comparative period explicit forecast period of five years (2022-2026) and terminal period in 2027.

** CAPEX excludes licenses and ROU

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The US$ 100 was reversed against intangible assets (US$ 68) and property and equipment (US$ 32). The difference of US$ 19 that cannot be reversed represents impairment related to assets that have been fully depreciated in the period since the impairment was recognized until September 30, 2022.

Sensitivity analysis

The following table illustrates the potential change in reversal of impairment for the Bangladesh CGU if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods ('+/- 1.0 pp').

Any additional adverse changes in the key parameters by more than one percentage point would change the amount of impairment reversal approximately proportionally.

Sensitivity analysis	**Combined average ***	**+/- 1.0 pp**
Discount rate	**14.6%**	**15.6%**
Change in key assumption	0.0 pp	1.0 pp
Decrease in headroom	—	*(42)*
Average annual revenue growth rate	**12.6%**	**11.6%**
Change in key assumption	0.0 pp	(1.0) pp
Decrease in headroom	—	*(26)*
Average operating margin	**33.2%**	**32.2%**
Change in key assumption	0.0 pp	(1.0) pp
Decrease in headroom	—	*(40)*
Average CAPEX / revenue	**17.8%**	**18.8%**
Change in key assumption	0.0 pp	1.0 pp
Decrease in headroom	—	*(52)*

* Combined average based on explicit forecast period of five years (2023-2027) and terminal period (2028)

Kyrgyzstan CGU

During 2020 as a consequence of the unstable political environment and uncertainties arising with respect to the recoverability of our operating assets in Kyrgyzstan, VEON fully impaired the carrying value of all operating assets of Kyrgyzstan. As a result, the Company recorded a total impairment loss of US$64.

During 2022 these triggers for impairment were resolved and the valuation as per September 30, 2022 showed a headroom of US$51, which has led to reversal of impairment loss as per September 30, 2022 for US$49 against property plant and equipment (US$29), intangible assets (US$9) and other assets (US$11). Kyrgyzstan CGU is disclosed within "Others" reportable segment (refer to Note 2).

	September 30, 2022			**September 30, 2021**		
Key assumptions – Kyrgyzstan CGU	**Explicit forecast period**	**Terminal period**	**Combined average ***	**Explicit forecast period**	**Terminal period**	**Combined average ***
Discount rate	— %	— %	**19.0 %**	— %	— %	**13.3 %**
Average annual revenue growth rate	11.4 %	3.0 %	**10.0 %**	5.9 %	3.6 %	**5.5 %**
Average operating margin	36.7 %	33.7 %	**36.2 %**	31.7 %	35.1 %	**32.2 %**
Average CAPEX / revenue **	20.1 %	23.0 %	**20.6 %**	24.2 %	24.0 %	**24.1 %**

* Combined average based on explicit forecast period of five years (2023-2027) and terminal period in 2028, and for comparative period explicit forecast period of five years (2022-2026) and terminal period in 2027.

** CAPEX excludes licenses and ROU.

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

Sensitivity analysis

The following table illustrates the potential change in reversal of impairment for the Kyrgyzstan CGU if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods ('+/- 1.0 pp').

Any additional adverse changes in the key parameters by more than one percentage point would change the amount of impairment reversal approximately proportionally.

Sensitivity analysis	**Combined average ***	**+/- 1.0 pp**
Discount rate	**19.0%**	**20.0%**
Change in key assumption	0.0 pp	1.0 pp
Decrease in headroom	—	—
Average annual revenue growth rate	**10.0%**	**9.0%**
Change in key assumption	0.0 pp	(1.0) pp
Decrease in headroom	—	*(1)*
Average operating margin	**36.2%**	**35.2%**
Change in key assumption	0.0 pp	(1.0) pp
Decrease in headroom	—	*(4)*
Average CAPEX / revenue	**20.6%**	**21.6%**
Change in key assumption	0.0 pp	1.0 pp
Decrease in headroom	—	*(4)*

* Combined average based on explicit forecast period of five years (2023-2027) and terminal period (2028)

Impairment losses in 2021

There was no goodwill impairment recorded for the nine month periods ended September 30, 2021.

Notes to the interim condensed consolidated financial statements

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FINANCING ACTIVITIES OF THE GROUP

8 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	September 30, 2022	December 31, 2021
At fair value		
Derivatives not designated as hedges	—	—
Derivatives designated as net investment hedges	—	—
Other	15	—
	15	**—**
At amortized cost		
Loans granted to subsidiaries of ultimate parent	1,841	1,720
Security deposits and cash collateral	62	49
Other investments	114	99
	2,017	**1,868**
Total investments and derivatives	**2,032**	**1,868**
Non-current	1,466	1,412
Current	566	456

The Company holds the following debt and derivative liabilities:

	September 30, 2022	December 31, 2021
At fair value		
Derivatives not designated as hedges	5	4
Derivatives designated as net investment hedges	—	4
	5	**8**
At amortized cost		
Principal amount outstanding	8,295	7,569
Interest accrued	128	86
Discounts, unamortized fees, hedge basis adjustment	(17)	(14)
Bank loans and bonds	**8,406**	**7,641**
Lease liabilities	3,196	2,691
Loans received from subsidiaries of the ultimate parent	304	302
Put-option liability over non-controlling interest	—	—
Other financial liabilities	591	290
	12,497	**10,924**
Total debt and derivatives	**12,502**	**10,932**
Non-current	9,030	9,397
Current	3,472	1,535

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Significant changes in financial assets and financial liabilities

There were no significant changes in financial assets and liabilities in the nine-month period ended September 30, 2022, except for the scheduled repayments of debt or as described below. Furthermore, there were no changes in risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended December 31, 2021.

During the nine-month period ended September 30, 2022

VEON US$ bond repayment

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

VTB Bank loan

In February 2022, VEON Holdings B.V. prepaid RUB 30 billion (US$396) of outstanding loans to VTB Bank originally maturing in July 2025.

In February 2022, VEON Finance Ireland DAC signed a RUB 30 billion (US$400) Term Facility Agreement with VTB Bank with a floating rate. This facility was guaranteed by VEON Holding B.V. and had a maturity of February 2029. The proceeds from this facility were used for general corporate purposes, including the financing of intercompany loans to PJSC VimpelCom.

In March 2022, VEON Finance Ireland DAC prepaid its RUB 30 billion (US$259) Term Facility Agreement with VTB Bank in accordance with its terms, and the facility was cancelled.

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

In February 2022, the maturity of the multi-currency revolving credit facility originally entered into in March 2021 (the "RCF") was extended for one year until March 2025; two banks did not agree to extend as a result US$250 will mature at the original maturity in March 2024.

In February 2022, VEON Holdings B.V. drew US$430 under the RCF. Subject to the terms set out in the RCF, the outstanding balance can be rolled over until final maturity.

In March 2022, Alfa Bank (US$125 commitment) and Raiffeisen Bank Russia (US$70 commitment) notified the Agent under the RCF that as a result of new Russian regulatory requirements following a presidential decree, they could no longer participate in the RCF. As a result, their available commitments were cancelled and the total RCF size reduced from US$1,250 to US$1,055.The drawn portion from Alfa Bank (US$43) was subsequently repaid in April and the drawn portion from Raiffeisen Bank Russia (US$24) was repaid in May 2022

In April and May 2022, VEON Holdings B.V. received US$610 following a utilization under the RCF. Subject to the terms set out in the RCF, this amount can be rolled until maturity.

PMCL syndicated credit facility

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

VEON Finance Ireland DAC Rub debt novation to PJSC VimpelCom

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

PMCL secures syndicated credit facility

In April 2022, PMCL signed a PKR 40 billion (US$217) syndicated loan with a 10 year maturity. The drawn amount under the facility is PKR 30 billion (US$156).

Banglalink secures syndicated credit facility

In April 2022, Banglalink signed a BDT 12 billion (US$139) syndicated loan with a five year maturity till April 2027. During May 2022, Banglalink utilized BDT 9 billion (US$103) of the syndicated loan which was partially used to fully repay its existing BDT facility (US$38).

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

Kyivstar prepays debt

In March, April, May and June 2022, Kyivstar fully prepaid a UAH 1,350 million (US$46) loan with JSC CitiBank, a UAH1,275 (US$44) million loan with JSC Credit Agricole and a UAH 1,677 million (US$57) loan with Alfa bank, and also prepaid a portion of a UAH 1,250 million loan with OTP Bank (UAH490 million (US$17).

VEON Holdings B.V granted intercompany loan to VEON Ltd

In June 2022, VEON Holdings B.V. signed an intercompany loan agreement of US$100 with VEON Ltd having maturity of 12 months. The Maturity Date shall be extended automatically for a further 12 Months unless the Parties have agreed otherwise in writing. The outstanding amount under the facility is US$50.

During the nine-month period ended September 30, 2021

Acquisition of minority stake in PMCL

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

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

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

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

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

VEON increases facility with Alfa-Bank

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

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

PMCL secures syndicated credit facility

In June 2021, PMCL secured a PKR 50 billion (US$320) syndicated credit facility from a banking consortium led by Habib Bank Limited. This 10-year facility will be used to finance the company's ongoing 4G network rollouts and technology upgrades, as well as to address upcoming maturities.

Global Medium Term Note programme

In September 2021, VEON Holdings B.V. issued senior unsecured notes of RUB 20 billion (US$273) under its existing Global Medium Term Note programme with a programme limit of US$6.5 billion, or the equivalent thereof in other currencies. This new tranche will mature in September 2026 and proceeds were used to early repay RUB 20 billion (US$273) 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:

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

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$7,552 at September 30, 2022 (December 31, 2021: US$7,986); 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 September 30, 2022 and December 31, 2021, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs. Observable inputs (Level 2) used in valuation techniques include inter-bank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads. During the nine-month period ended September 30, 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	September 30, 2022	December 31, 2021
Cash at banks and on hand	1,112	1,403
Short-term deposits with original maturity of less than three months	2,137	767
Cash and cash equivalents*	**3,249**	**2,170**
Less cashpool overdrafts	—	(13)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)**	**3,249**	**2,157**

** Cash and cash equivalents include an amount of US$42 relating to banking operations in Pakistan.*

As of September 30, 2022 and December 31, 2021, there were no restricted cash and cash equivalent balances. Cash balances as of September 30, 2022 include investments in money market funds of US$1,914 (December 31, 2021: US$397).

As of September 30, 2022, some bank accounts forming part of a cash pooling program and being an integral part of the Company's cash management remained overdrawn by less than US$0.1 (2021:US$13). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right-of-offset and therefore the overdrawn accounts are presented as financial liabilities within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows.

Notes to the interim condensed consolidated financial statements

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

10 DIVIDEND AND CAPITAL DISTRIBUTIONS

There were no dividends paid or capital distributions paid during the nine-month period ended September 30, 2022.

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.

On September 20, 2022, the VEON Board of Directors approved a share grant of 5,231,771 to the VEON Group Chief Executive Officer, Kaan Terzioglu under the 2021 Deferred Shares Plan with a grant date of October 1, 2022, of which, 1,569,531 shares will vest immediately on the grant date and the remaining 3,662,240 shares will vest on September 1, 2023.

The following table provides the total amount of transactions that have been entered into with related parties and their affiliates for the nine and three-month periods ended September 30:

	Nine-month period		**Three-month period**	
	2022	**2021**	**2022**	**2021**
Revenue from				
OTM WW LLC	1	—	1	—
Finance income	26	(7)	21	(6)
	27	**(7)**	**22**	**(6)**
Services from				
OTM WW LLC	(3)	—	(4)	—
VEON Wholesale Services B.V	—	2	—	1
VEON Ltd.	—	(18)	—	—
Finance cost	(12)	9	(15)	4
	12	**(14)**	**3**	**(1)**

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)

	September 30, 2022	December 31, 2021
Accounts receivable from		
VEON Ltd.	84	98
VEON Amsterdam B.V.	18	—
Others	9	21
Financial assets receivable from		
VEON Ltd.	50	—
VEON Amsterdam B.V.	1,391	1,361
VEON Digital Amsterdam B.V.	300	300
VEON Ventures B.V.	—	12
VEON Digital Limited	26	16
Ukraine Tower Company	14	—
Interest accrued	60	43
	1,952	**1,851**
Accounts payable to		
VEON Ltd.	39	40
VEON Ventures B.V.	21	—
Others	17	32
Financial liabilities to		
VEON Digital Amsterdam B.V.	300	300
Ukraine Tower Company	145	77
Interest accrued	4	2
	526	**451**

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed below and elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the nine-month period ended September 30, 2022.

13 EVENTS AFTER THE REPORTING PERIOD

Ongoing conflict between Russia and Ukraine

As of December 23, 2022, the conflict between Russia and Ukraine remains ongoing. Refer to Note 14 for further details.

Other developments

On October 13, 2022, PMCL received a favorable decision from the Islamabad High Court regarding the outstanding litigation, the financial impact of which amounting to US$92 will be accounted for in subsequent reporting period.

On October 14, 2022, VEON invited the Note holders of the 2023 Notes to contact VEON Ltd. in order to engage in discussions with these Note holders, with the aim to maintain a stable capital structure in the longer-term. Refer to Note 14 for further details.

On October 17, 2022, VEON announced the appointment of Matthieu Galvani as Chief Corporate Affairs Officer, effective immediately.

Notes to the interim condensed consolidated financial statements

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

On November 18, 2022, VEON announced that the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC") issued General License 54 authorizing all transactions ordinarily incident and necessary to the purchase and receipt of any debt or equity securities of VEON Ltd. that would otherwise be prohibited by section 1(a)(i) of Executive Order (E.O.) 14071. Refer to Note 14 for further details.

On November 24, 2022, VEON entered into an agreement to sell VEON's Russian operations to certain senior members of the management team of PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, VEON will receive total consideration of RUB 130 billion (approximately US$2.1 billion). It is expected that the total consideration will be paid primarily by VimpelCom taking on and discharging certain VEON Holdings B.V. debt, thus significantly deleveraging VEON's balance sheet. The transaction is subject to customary closing conditions, including receipt of requisite regulatory approvals, licenses from relevant government authorities and any required consent from VEON creditors. As a result of the expected disposal, VEON has classified its Russian operations as held-for-sale and discontinued operations upon the signing of the agreement on November 24, 2022.

In October 2022, VEON Holdings B.V. has rolled over the US$610 RCF loan maturing in October 2022 for a further 6 Months to April 2023.

In November 2022, VEON Holdings B.V. received remaining US$82 under RCF. Therefore as of the end of November 2022, the total size of the RCF drawn is US$1,055.

In November 2022, VEON Holdings B.V. has rolled over the US$363 RCF loan maturing in November 2022 for a further 6 Months to May 2023.

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the nine and three-month periods ended September 30, 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (**"IASB"**).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2021.

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

Ongoing conflict between Russia and Ukraine

As of December 23, 2022, hostilities continue in Ukraine, and missile strikes have also occurred in Russia. Currently, one third of our total subscribers are in Ukraine and Russia, where they are supported by 32,000 employees. VEON's priority is to protect the safety and well-being of our employees and their families. We have developed and, in some cases, implemented additional contingency plans to relocate work and/or personnel to other geographies and add new locations, as appropriate. As of December 23, 2022, most of our Ukraine subsidiary's employees remain in the country. As of December 23, 2022, millions of people have fled Ukraine and the country has sustained significant damage to infrastructure and assets.

As the conflict persists, we could lose a greater percentage of our customer base in Ukraine. If Ukrainian refugees choose to relocate permanently outside of Ukraine and switch to local providers, this could have a significant impact on their use and spending on our services. Due to the efforts of our Ukrainian team as well as collaboration with other telecommunications operators in the region, network capacity has remained stable with minimal disruptions since the beginning of the conflict. We have incurred and will continue to incur additional expenditures to maintain and repair our mobile and fixed-line telecommunications infrastructure in Ukraine as a result of any damage inflicted on our infrastructure due to the ongoing conflict, as well as for security, increased energy costs, and related operational and capital expenditures. In addition, our ability to provide services in Ukraine may be impaired if we are unable to maintain key personnel within Ukraine and/or our infrastructure within Ukraine is significantly damaged or destroyed.

In response to the events in Ukraine, the United States, European Union (and individual EU member states) and, the United Kingdom, as well as other countries have imposed wide-ranging economic sanctions and trade restrictions which have targeted individuals and entities as well as large aspects of the Russian economy, including freezing the assets of Russia's central bank, other Russian financial institutions, and individuals, removing selected Russian banks from the Swift banking system, and curbing certain products exported to Russia. Furthermore, as a response to the imposed sanctions, Russia introduced a number of counter-sanctions aimed at stabilizing domestic financial markets. These, among others, include restrictions related to capital and foreign exchange controls, restrictions on lending to foreign (non-Russian) persons, restrictions on foreign persons' transactions with Russian securities and real estate, and limitations on export and import of certain goods into and outside Russia. Ukraine is also considering implementation of sanctions on entities with close ties with Russia, which may impact Kyivstar in case, whether prior to or after the proposed sale of our Russian operations, it is considered by the local authorities as a Russia-owned company. This may lead to restrictions on payout of dividends, prohibitions on renting state property and land, prohibitions on participation in public procurement impacting B2G revenue and potential prohibitions on transfer of technology and intellectual rights to Kyivstar from VEON.

The ongoing conflict between Russia and Ukraine, and the sanctions imposed by the various jurisdictions, counter sanctions and other legal and regulatory measures, as well as responses by our service providers, partners, suppliers and other counterparties, including certain professional service providers we rely on, and the consequences of all the foregoing, have negatively impacted and, if the conflict, sanctions and such responses continue or escalate, will continue to negatively impact aspects of our operations and results in Russia and Ukraine, and may affect aspects of our operations and results in the other countries in which we operate. Refer to Form 20-F 2021 *Item 3.D—Risk Factors – Market Risks – We have suffered reputational harm as a result of the ongoing conflict between Russia and Ukraine*.

Notes to the interim condensed consolidated financial statements

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

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

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

- We have recorded material impairment charges with respect to goodwill in Russia and have also recorded impairment charges related to assets in Ukraine during the nine months ended September 30, 2022 (refer to Note 7 and Note 6, respectively, for additional information), and we may need to record future impairment charges, which could be material, if the conflict continues or escalates and as more information becomes available to management. It is possible further impairment charges may rise to a level as to require additional analysis to determine the true value of assets as outlined in the provisions of our debt agreements and in the worst scenario, when the true value of assets is lower than the liabilities, could require early repayments of our long term debt. Due to the current developments that impact the value of the Company, the recoverability of the loan receivable of US$1,391 due from VEON Amsterdam B.V. may also be materially impacted.

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

- As of December 23, 2022, the Company continues to conclude that neither VEON Ltd. nor any of its subsidiaries is targeted by sanctions imposed by the United States, European Union (and individual EU member states) and, the United Kingdom. However, the interpretation and enforcement of these new sanctions and counter-sanctions may result in unanticipated outcomes and could give rise to material uncertainties, which could complicate our business decisions. For example, to protect US foreign policy and national security interests, the US government has broad discretion to at times impose a broad range of extraterritorial "secondary" sanctions under which non-US persons carrying out certain activities may be penalized or designated as sanctioned parties, even if the activities have no ties, contact with, or nexus to the United States or the US financial system at all. These secondary sanctions could be imposed on the Company or any of the Company's subsidiaries if they were to engage in activity that the US government determined was undertaken knowingly and rose to the level of material or significant support to, for, or on behalf of certain sanctioned parties. The broad nature of the financial sanctions targeted at the Russian financial system, including several banks that have historically provided funding to the Company, along with comprehensive sanctions on investment and vendors in Russia and the ongoing conflict between Russia and Ukraine may therefore have a material impact on aspects of the Company's operations and business plans in Russia and Ukraine. In addition, we have assessed the potential impact of the recently introduced guidance regarding the ban on "new investment" in the Russian Federation by U.S. persons and UK persons and the prohibition on U.S., EU, and UK persons furnishing accounting and certain other services to Russia, which may have an effect on our ability to timely file full year 2022 audited financial statements.

- Based on the current state of affairs, the Company currently has sufficient liquidity to satisfy our current obligations at least over the next twelve months from the issuance of the financial statements without the needs of additional financing assuming no early repayments of our long-term debt. In addition, cash on hand is US$ 3,137 million at November 30, 2022. The Company also expects to meet its financial covenants as required by our debt agreements during the same twelve-month period. However, these continue to be uncertain times and it is not possible to predict with precision how certain developments will impact our liquidity position, our financial covenants and non-financial provisions in our debt agreements, and our equity levels on a regular and continuous basis both at the group and operating company levels. A continued deterioration in the results or operations of our operating companies could trigger certain financial covenants or non-financial provisions in our debt agreements, requiring accelerated repayment, potentially triggering a cross-default across all debt facilities and the revolving credit facility and negatively impact our liquidity. We may also be impacted by conditions or local legal requirements in international markets that could make it more difficult to service our existing debt obligations or refinance existing debt. Should we not realize the assumptions behind our liquidity forecast, we may not have sufficient liquidity to continue to operate as outlined above. If we are unable to raise additional capital in the market in which we want to raise it, or at all, or if the cost of raising additional capital significantly increases, which has been the case over the last nine months due to global inflationary pressures and a number of other factors, we may be unable to make necessary or desired capital expenditures, take advantage of investment opportunities, refinance existing indebtedness or meet unexpected financial requirements, and our growth strategy and liquidity may be negatively affected. This could cause us to be unable to repay indebtedness as it comes due, to delay or abandon anticipated expenditures and investments or otherwise limit operations. For example, the ongoing conflict in Russia and Ukraine has caused us to reconsider our capital outlay to ensure we have sufficient liquidity for maintenance capital expenditures and other key operational spend while at the same time servicing our indebtedness. As a result, capital expenditures that are more discretionary in nature may be put on hold until the impact of the ongoing conflict between Russia and Ukraine, and particularly its effects on our liquidity and financial profile, becomes more certain.

- In response to the geopolitical and economic situation in both Ukraine and Russia, there is a risk of either country imposing external administration over foreign companies or assets. For example, there are laws under review by the Ukrainian government regarding nationalization of property and assets in Ukraine with association to the Russian Federation. Such measures, if adopted and applied in relation to either our Ukrainian or Russian subsidiary, or both, could lead to the involuntary deconsolidation of our Ukrainian and/or Russian operations. Additionally, the United States imposed sweeping export control restrictions on Russia's ability to obtain goods, software and technology subject to U.S. export control jurisdiction, including a broad array of foreign-made items, that were previously not subject to U.S. export control jurisdiction. This could have an adverse impact on our ability to maintain and/or improve our infrastructure and adversely impact the availability and quality of our services and therefore have a material adverse effect on our operations and results of operation. In the event of future imposed laws and regulations as a result of the ongoing conflict between Russia and Ukraine, our business, the operation of our networks, our supply chain stability of items critical to the telecommunications sector in Russia, and our ability to comply with the terms of our operating licenses and local laws and regulations could be materially adversely impacted.

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

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

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

- On November 24, 2022, VEON entered into an agreement to sell VEON's Russian operations to certain senior members of the management team of PJSC VimpelCom ("VimpelCom"), led by its current CEO, Aleksander Torbakhov. Under the agreement, VEON will receive total consideration of RUB 130 billion (approximately USD 2.1 billion). It is expected that the total consideration will be paid primarily by VimpelCom taking on and discharging certain VEON Holdings B.V. debt, thus significantly deleveraging VEON's balance sheet. The transaction is subject to customary closing conditions, including receipt of requisite regulatory approvals, licenses from relevant government authorities and any required consent from VEON creditors. Following the completion of this sale, the risk of material impacts on VEON's operations stemming from Russian-related sanctions from various jurisdictions will be minimal.

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

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

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

- Management actively monitors the Company's liquidity position, our financial and non-financial provisions in our debt agreements, and our equity levels on a regular and continuous basis both at the group and operating company levels and should they reach a level considered at-risk, management will take actions to ensure our liquidity position is sufficient and our financial covenants and non-financial provisions in our debt agreements are met. In the event a default provision within our debt agreements is triggered, VEON is in regular communication with its relevant lenders and has an obligation to notify them of any default that occurs and is continuing to occur. Should this occur, VEON will proactively and promptly respond to queries from lenders on the relevant covenant breach and initiate negotiations with lenders should the need arise. As of December 23, 2022, the Company has satisfied all of its interest and capital payments and is not in default on any of its bonds or bank debt and has sufficient liquidity to satisfy our current obligations at least over the next twelve months from the issuance of the financial statements.

- On October 14, 2022, VEON invited the Note holders of the 2023 Notes to contact VEON Ltd. in order to engage in discussions with these Note holders, with the aim to maintain a stable capital structure in the longer-term. VEON continues to meet all its interest and capital payments and is not in default on any of its bonds or bank debt. On November 24, 2022, VEON announced the launch of a proposed scheme of arrangement (the "Scheme") in England via the issuance of a Practice Statement Letter to extend the maturity of the 5.95% notes due February 2023 and 7.25% notes due April 2023 issued by the Company (together, the "2023 Notes") by eight months from their respective maturity dates. On December 9, 2022, VEON issued a Supplemental Practice Statement Letter including an increase to the Amendment Fee as well as the inclusion of a put right (the "Put Right") requiring the Company to repurchase 2023 Notes in an aggregate amount of up to USD 600 million. On December 20, 2022, a hearing was held in London regarding the Scheme and the English Court subsequently issued an order granting the Company permission to convene a Scheme meeting of the Scheme creditors on or after January 24, 2023 for the purpose of considering and, if thought fit, approving the Scheme in respect of the 2023 Notes. As part of the hearing, the Company agreed to remove from the Scheme certain proposed amendments in relation to the voting and quorum requirements of the 2023 Notes. On or after January 30, 2023, the Court will consider whether to sanction the Scheme, assuming it has been passed by the requisite 2023 Note holders at the Scheme meeting. Management believes the amendments proposed by the Scheme will allow VEON necessary time to move towards completion of the VimpelCom disposal, while also reducing the risk of double payment of principal to holders of the 2023 Notes holding through the NSD (i.e. payments by both VEON Holdings B.V. and VimpelCom, with the portion paid by VEON Holdings B.V. being held in the international clearing systems). The Scheme is subject to obtaining the necessary majority consents, receipt of requisite regulatory approvals, licenses from relevant government authorities and approval of the English Courts.

- Management is actively monitoring any new developments in new laws and regulations to ensure that we are in compliance and to evaluate any potential impact on the Company's financial performance, operations, and governance. The United States imposed sweeping new export control restrictions on Russia's ability to obtain goods, software and technology subject to U.S. export control jurisdiction, including a broad array of foreign-made items, that were previously not subject to U.S. export control jurisdiction. This could have an adverse impact on our ability to maintain and/or improve our infrastructure and adversely impact the availability and quality of our services and therefore will negatively impact our operations and results of operation in Russia. The Company is currently developing contingency plans to maximize the use of existing equipment in order to minimize the impact on our operations and results while also analyzing the potential for applying for licenses and the applicability of certain exceptions to the licensing requirements with respect to Russia in order to permit continued procurement of goods, software and technology subject to U.S. export control jurisdiction.

- Management is in active talks in order to finalize engagement of an independent auditing firm which is expected to be concluded in the coming weeks. If the completion of the audit is unable to be completed timely, there may be implications on the covenants of the debt agreements.

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

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2021.

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

Amsterdam, December 23, 2022
VEON Holdings B.V.