Annual Report 2019

VEON Ltd.

Claude Debussylaan 88,

1082 MD Amsterdam

The Financial Statements are
approved by the Audit Committee
on behalf of the Board
on March 13, 2020

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Directors’ Report

INFORMATION ON THE COMPANY

Overview

VEON is a leading global provider of connectivity and internet services. Present in some of the world's most dynamic markets, VEON provides 212 million customers with voice, fixed broadband, data and digital services. VEON currently offers services to customers in 10 countries: Russia, Pakistan, Algeria, Uzbekistan, Ukraine, Bangladesh, Kazakhstan, Kyrgyzstan, Armenia and Georgia. VEON's reportable segments currently consist of the following seven segments: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan and Kazakhstan. We provide services under the "Beeline," "Kyivstar," "banglalink," "Jazz" and "Djezzy" brands. As of December 31, 2019 we had 46,492 employees. For a breakdown of total revenue by category of activity and geographic segments for each of the last three financial years, see — *Operating and Financial Review and Prospects*.

In September 2019, we announced a new strategy framework at the Group level including a commitment to boost long-term growth beyond traditional connectivity services. The strategy framework set out how VEON plans to drive value from three business pillars: its fundamental mobile and fixed line connectivity services and the drive of 4G adoption; a portfolio of new services built around digital technologies with the active involvement of big data and artificial intelligence; and future assets which seeks to identify, acquire and develop ''know-how" and technologies that open up adjacent growth opportunities.

As part of our initiative to digitize our core telecommunications business, we intend to continue focusing on increasing our capital investment efficiency, including with respect to our IT, network, and distribution costs. We have secured network sharing agreements and intend to maintain our focus on achieving an asset-light business model in certain markets, where we own only the core assets needed to operate our business. For further information on our capital expenditures, see *Operating and Financial Review and Prospects — Liquidity and Capital Resources — Future Liquidity and Capital Requirements*. We anticipate that we will finance the investments with operational cash flow, cash on our balance sheet and external financing. For more information on our recent developments, see *Operating and Financial Review and Prospects — Key Developments During 2019.*

VEON Ltd. is an exempted company limited by shares registered under the Companies Act 1981 of Bermuda, as amended (the "Companies Act"), on June 5, 2009, and our registered office is located at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. Our headquarters are located at Claude Debussylaan 88, 1082 MD, Amsterdam, the Netherlands. Our telephone number is +31 20 797 7200. VEON Ltd. is registered with the Dutch Trade Register (registration number 34374835) as a company formally registered abroad (*formeel buitenlandse kapitaalvennootschap*), as this term is referred to in the Dutch Companies Formally Registered Abroad Act (*Wet op de formeel buitenlandse vennootschappen*), which means that we are deemed a Dutch resident company for tax purposes in accordance with applicable Dutch tax regulations. Our website is www.veon.com. The information presented on our website is not part of this Annual Report.

Our legal representative in the United States is Puglisi & Associates, 850 Library Ave, Suite 204, Newark, DE 19711 (+1 (30) 738 6680). Our agent for service of process in the United States is CT Corporation, 11 Eighth Avenue, New York, NY 10011 (+1 (212) 894 8400). In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, which can be accessed over the internet at http://www.sec.gov.

History

Our predecessor PJSC VimpelCom (formerly OJSC "VimpelCom") was founded in 1992. In 1996, VimpelCom listed on the New York Stock Exchange, where it remained listed until 2013 when VimpelCom moved its listing to the NASDAQ Global Select Market. In March 2017, VimpelCom rebranded to VEON and on April 4, 2017, VEON began trading its ordinary shares on Euronext Amsterdam.

In the early 2000s, we began an expansion into the Commonwealth of Independent States (CIS) by acquiring local operators or entering into joint ventures with local partners, including, but not limited to, in Kazakhstan (2004), Ukraine (2005), Uzbekistan (2006), Armenia (2006) and Georgia (2006). In 2009 and 2010, PJSC VimpelCom and Ukrainian mobile operator, Kyivstar, combined, and we subsequently established our headquarters in Amsterdam. Our expansion efforts have included transactions involving operations outside of CIS. In 2011, we completed the acquisition of Wind Telecom S.p.A., an international provider of mobile and fixed-line telecommunications and internet services with operations in Italy, through Wind Telecom, and in Algeria, Bangladesh and Pakistan, through GTH (previously known as Orascom Telecom Holding S.A.E.).

In November 2016, the group combined its Italian mobile telecommunications business with that of CK Hutchison Holdings Ltd. in a joint venture company named Wind Tre. In July 2018, the group announced the sale of its 50% stake in Wind Tre to CK Hutchison Holdings Ltd. which was completed in September 2018. In July 2019, VEON Holdings B.V. ("VEON") launched a mandatory tender offer ("MTO") to purchase the shares of GTH, a subsidiary of VEON which consolidates the group's operations in Algeria, Bangladesh and Pakistan. At the close of the MTO in August 2019, VEON held approximately 98.24% of GTH's total outstanding shares. VEON subsequently embarked on a comprehensive restructuring of GTH, including a successful offer to acquire substantially all of GTH's operating assets in Algeria, Pakistan and Bangladesh following the delisting of GTH from the Egyptian Exchange in September 2019.

Recent Developments

Issuance of US$700 Million Senior Notes

On October 9, 2019, VEON Holdings issued US$700 million 4.00% senior unsecured notes due 2025 (the "Notes"). VEON Holdings has used the net proceeds of the Notes primarily to refinance drawings on the revolving credit facility used to fund the mandatory tender offer for GTH and for general corporate purposes.

VEON's Free Float Increased to 43.8% After Telenor's Sale of VEON Shares

On November 22, 2019, Telenor East Holding II AS ("Telenor") announced the sale of the remaining balance of their shares in VEON. Telenor held approximately 157 million of VEON Ltd.'s shares, representing approximately 8.9% of VEON's total outstanding equity, and this transaction was in line with Telenor's previously announced intention to fully divest its holdings in VEON. With this sale, the free float of the VEON Group increased from approximately 29.6% to 43.8%. This transaction followed a sale of 100,000,000 common shares in March 2019 and earlier offerings by Telenor in September 2016, April 2017 and September 2017.

VEON's Successful Mandatory Tender Offer in Relation to GTH

On February 10, 2019, VEON submitted a public mandatory cash tender offer ("MTO") with the Egyptian Financial Regulatory Authority for the purchase of up to 1,997,639,608 shares, representing 42.31% of GTH's issued shares, at a price of EGP 5.30 per share. The proposed offer price represented a 45.8% premium over GTH's average three month share price and 50.5% premium over GTH's average six month share price, respectively, to February 7, 2019.

On August 13, 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of GTH's issued shares, in connection with the MTO, which commenced on July 2, 2019. The total price for the purchase of such shares was EGP 5.08. Following the completion of the MTO and as a result of further purchases by GTH, as of September 30, 2019, VEON and GTH hold approximately 98.94% of GTH's total outstanding equity. The MTO was funded by a combination of cash on hand and utilization of undrawn credit facilities.

The transactions represent a purchase of non-controlling interests without a change of control. Consequently, the difference between the book value of non-controlling interests acquired and cash paid were recorded directly within 'Other capital reserves' in the Consolidated Statement of Equity.

Restructuring of GTH

Following the successful completion of the MTO, VEON continued with the restructuring of GTH, which included the successful delisting of GTH's shares from the Egyptian Exchange and the approval of VEON's offer to acquire substantially all of the operating assets of GTH, both of which occurred on September 9, 2019.

Following that approval, VEON completed the intragroup transfers of Jazz, Banglalink and Med Cable. The intragroup transfers for the remainder of GTH's operating assets, including Djezzy and Mobilink are continuing. The operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, and as such, there is no material impact on these consolidated financial statements stemming from these asset transfers.

Monitor Certifies VEON's Compliance Program

On October 31, 2019, VEON announced that the Deferred Prosecution Agreement ("DPA") that VEON entered into with the U.S. Department of Justice ("DOJ") on February 18, 2016 had concluded and the DOJ filed a motion to dismiss the criminal information. This marks the conclusion of the compliance monitorship, conducted in connection with the DPA and VEON's settlement with the U.S. Securities and Exchange Commission. On February 26, 2020, the court granted the motion to dismiss with prejudice and closed the case.

Pakistan License Renewal

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 million per MHz for 900 MHz spectrum and US$30 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 million (excluding applicable taxes of approximately 13%). On August 17, 2019, Jazz appealed the PTA's order to the Islamabad High Court and is now awaiting a date to be scheduled for the hearing. On August 23, 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) pending resolution of the appeal as per the options given in the PTA's order. In September 2019, Jazz deposited 50% of

the disputed license renewal fee (approximately US$225 million) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit.

New Strategy Framework

In September 2019, VEON announced a new Strategy Framework, supporting a new long-term vision to empower customer ambitions through guiding choices and connecting customers with resources that match their lifestyle and business needs. VEON also announced the formation of VEON Ventures, a new division tasked with identifying future assets with the potential to scale the Group's existing products and services or offer adjacent revenue opportunities.

VEON Announced New Dividend Policy and Approved 2019 Dividend of US$0.28 Per Share

In September 2019, VEON announced a new dividend policy, which targets paying at least 50% of prior year equity free cash flow after licenses in dividends to shareholders. Dividend payments will always remain subject to review by VEON's Board of Directors, taking into account medium-term investment opportunities and the Group's capital structure.

In line with this dividend policy, VEON's Board of Directors has approved the distribution of a final dividend of US$0.15 per share for the year ended December 31, 2019 which VEON plans to make with a record date of February 27, 2020. For ordinary shareholders at Euronext Amsterdam, the final dividend of US$0.15 will be paid in euro.

This final dividend of US$0.15 per share, together with the US$0.13 per share declared at the interim period brings the total dividend payment for the year ended December 31, 2019 to US$0.28 per share, which represents approximately 70% of 2019 equity free cash flow after licenses. We believe this demonstrates the commitment of the company to return cash to shareholders while managing an appropriate level of Net Debt/EBITDA at the Group level.

EBITDA was Boosted by Exceptional Income of USD 350 Million in Q1 2019

VEON announced in February 2018 a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue Manager Solution. As a result of this arrangement, VEON recorded exceptional income of USD 350 million from Ericsson as EBITDA in Q1 2019.

This revised arrangement enables VEON to continue upgrading its IT infrastructure with new digital business support systems (DBSS) using existing software from Ericsson which is already deployed in certain operating companies within VEON. This upgrade is expected to support the creation of a more personalized, richer experience of VEON's services for customers and, over time, reduce overall operating costs.

US$300 Million Tap Issuance of Existing Senior Notes

On January 14, 2020, VEON Holdings B.V. issued US$300 million in senior unsecured notes due in 2025, to be consolidated and form a single series with the US$700 million 4.00% senior notes due in 2025 issued by VEON Holdings on October 9, 2019. VEON Holdings intends to use the net proceeds of the tap issuance to refinance certain existing outstanding debt and address upcoming debt maturities and for general corporate purposes.

Management Changes

On February 13, 2020, VEON announced the appointment of Sergi Herrero and Kaan Terzioğlu as co-Chief Executive Officers, effective from March 1, 2020. Ursula Burns, who was appointed as Chairman in July 2017 and CEO in December 2018, will remain as VEON's Chairman.

Kaan and Sergi will jointly drive performance in the Group, with complementary focus areas. Kaan will lead on VEON's core telecommunication services and oversee operations in Russia, Kazakhstan, Uzbekistan, Kyrgyzstan and Georgia. Sergi will lead on building new ventures, digital products, partnerships and oversee operations in Pakistan, Ukraine, Algeria, Bangladesh and Armenia.

The co-CEOs will chair their respective local boards, with the exception of Algeria. The role of the boards is to foster growth, monitor progress and oversee operations in each of VEON's operating companies.

VEON Group announced that Vasyl Latsanych is stepping down as CEO of VEON's operations in Russia. Vasyl joined VEON as CEO of Beeline Russia in January 2018 and will step down at the end of June this year. We will announce his successor in due course.

IFRS 16 Impact

The Company adopted IFRS 16 on the date the standard became effective, January 1, 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and that comparatives were not restated.

Carrying values of property and equipment and financial liabilities related to finance leases as of December 31, 2018 were reclassified to right-of-use assets and lease liabilities, respectively on January 1, 2019. These carrying values related to finance leases were not remeasured at the transition date.

Business Units and Reportable Segments

VEON Ltd. is the holding company for a number of operating subsidiaries and holding companies in various jurisdictions. We currently operate and manage VEON on a geographical basis. These segments are based on the different economic environments and varied stages of development across the geographical markets we serve, each of which requires different investment and marketing strategies. Our reportable segments currently consist of the following seven segments: Russia, representing our "cornerstone" market; Pakistan, Ukraine, Uzbekistan and Kazakhstan, representing our "growth engines"; and Algeria and Bangladesh, representing our "frontier markets". We also present our results of operations for our "Other and eliminations" and "HQ" although these are not reportable segments. "Other and eliminations" represents our results of operations in Kyrgyzstan, Armenia and Georgia, as well as intercompany eliminations and reconciles between our seven reportable segments and our total revenue and Adjusted EBITDA. "HQ" represents transactions related to management activities within the group in Amsterdam, London and Luxembourg and costs relating to centrally managed operations. See *Operating and Financial Review and Prospects — Reportable Segments* and *Note 2 - Segment information* to our Audited Consolidated Financial Statements for further details.

Subsidiaries

The table below sets forth our significant subsidiaries as of December 31, 2019. The equity interest presented represents our ownership interest, direct and indirect. Our percentage ownership interest is identical to our voting power for each of the subsidiaries listed below.

Name of significant subsidiary	Country of incorporation	Nature of subsidiary	Ownership interest, %
VEON Amsterdam B.V.	Netherlands	Holding	100.0%
VEON Holdings B.V.	Netherlands	Holding	100.0%
PJSC VimpelCom	Russia	Operating	100.0%
JSC "Kyivstar"	Ukraine	Operating	100.0%
LLP "KaR-Tel"	Kazakhstan	Operating	75.0%
LLC "Unitel"	Uzbekistan	Operating	100.0%
LLC "VEON Georgia"	Georgia	Operating	80.0%
CJSC "VEON Armenia"	Armenia	Operating	100.0%
LLC "Sky Mobile"	Kyrgyzstan	Operating	50.1%
VEON Luxembourg Holdings S.à r.l.	Luxembourg	Holding	100.0%
VEON Luxembourg Finance Holdings S.à r.l.	Luxembourg	Holding	100.0%
VEON Luxembourg Finance S.A.	Luxembourg	Holding	100.0%
Global Telecom Holding S.A.E	Egypt	Holding	99.5%
Omnium Telecom Algérie S.p.A.*	Algeria	Holding	45.4%
Optimum Telecom Algeria S.p.A.*	Algeria	Operating	45.4%
Pakistan Mobile Communications Limited	Pakistan	Operating	85.0%
Banglalink Digital Communications Limited	Bangladesh	Operating	100.0%

** The Group has concluded that it controls Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A, See Significant Accounting Judgments in Note 14 of the Audited Consolidated Financial Statements for further details.*

VEON, through its operating companies, provides customers with mobile and fixed-line telecommunications services in certain markets, which are described more fully below.

Our mobile and fixed-line businesses are dependent on interconnection services. The table below presents certain of the primary interconnection agreements that we have with mobile and fixed-line operators in Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan and Kazakhstan:

Russia	We have interconnection agreements with mobile and fixed-line operators in Russia. During 2019, we had the following MTRs in Russia: average cost per minute of national traffic 0.9367 RUB (US$ 0.0145) and average price per minute of national traffic 0.9861 RUB (US$ 0.0152), which were broadly stable as compared to the 2018 and 2017 historical periods.
Pakistan	In the territories of Pakistan and Azad Jammu and Kashmir (“AJK”) and Gilgit-Baltistan, we have several interconnection agreements with mobile and fixed-line operators. Our MTRs in 2018 and 2019, were at PKR 0.9 (US$0.00739) and PKR 0.8 (US$0.0053), respectively, and in 2020 it is PKR 0.70 (US$0.00452).
Algeria	We have interconnection agreements with mobile, VoIP and fixed-line operators. For the 2016-2017 period, the evolution of MTRs was favorable to our business despite an asymmetry with our competitors. For the 2017-2018 period, our MTR remained stable and the asymmetry was reduced both in scope (with one competitor instead of two benefitting from the asymmetry) and in value (the gap between MTRs was reduced). In the reference interconnection offer approved for the 2018-2019 period, the ARPCE imposed symmetrical MTRs for all three operators both for voice and SMS (respectively 0.95 DA for voice and 1.5 for SMS). In the last Reference Interconnect Offer (2019-2020), *Autorité de Régulation d*e la Poste et des Communications Electroniques (the “ARPCE”) returned to the asymmetry for voice MTR (0.95, 0.74, and 0.67 for Ooredoo, Mobilis, and DJEZZY, respectively) while maintaining symmetry for SMS (1.5 DA).
Bangladesh	We have interconnection agreements with interconnection exchange (ICX) operators, international gateway (IGW) operators, mobile operators, internet protocol telephony service providers (IPTSPs) and fixed-line operators. The international termination rate was changed, effective February 14, 2020, after which the minimum termination rates became US$ 0.006/min. IGW conducts revenue sharing based on the minimum international call termination rate, of which 22.5% is shared with MNOs. The domestic termination rate has been changed to BDT 0.14/min or US$0.0017/min (terminating MNO gets BDT 0.10 (US$0.0012) and ICX gets BDT 0.04 (US$0.0005)), effective August 14, 2018.
Ukraine	We have interconnection agreements with various mobile and fixed-line operators. Effective January 1, 2019, MTR rates in Ukraine were reduced from UAH 0.15/min (US$ 0.0057) to UAH 0.12/min (US$0.0046). IMTR rates remain at current rate EUR 0.10/min.
Uzbekistan	We have interconnection agreements with various mobile and fixed-line operators. On September 5, 2017, the State Committee of Uzbekistan on Privatization, Demonopolization and Development of Competition (“State Committee of Uzbekistan”) issued an injunction requiring Unitel LLC to implement equal mobile termination rates for all national operators. Unitel LLC unsuccessfully challenged this injunction in Uzbek Courts. Our MTR for 2019 was UZS 0.05/minute as established by the court decision.
Kazakhstan	We have interconnection agreements with mobile and fixed-line operators. Our MTR for 2019 for local mobile operators was 5.60 KZT/min. (VAT including approximately US$0.0148; regulated) and 14.80 KZT/minute (VAT including approximately US$0.0391) for fixed-line operators.

Description of Our Mobile Telecommunications Business

The table below presents the primary mobile telecommunications services we offer to our customers and a breakdown of prepaid and postpaid subscriptions as of December 31, 2019.

Mobile Service Description	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	Kazakhstan	Others[3]
Value added and call completion services [1]	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
National and international roaming services[2]	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Wireless Internet access	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*[4]	*Yes*	*Yes*	*Yes*
Mobile financial services	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*[5]	*Yes*	*Yes*	*No/Yes*[7]
Mobile bundles	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*[6]

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(1) Value added services include messaging services, content/infotainment services, data access services, location based services, media, and content delivery channels.

(2) Access to both national and international roaming services allows our customers and customers of other mobile operators to receive and make international, local and long-distance calls while outside of their home network.

(3) For a description of the mobile services we offer in Kyrgyzstan, Armenia, and Georgia, see "—Mobile Business in Others."

(4) Includes 4G

(5) Includes Smart Money (payment method for services via mobile phone)

(6) Reflects mobile bundles provided in Armenia and Kyrgyzstan.

(7) Reflects services offered in Armenia and Kyrgyzstan.

Mobile Business in Russia

In Russia, through our operating company PJSC VimpelCom and our "Beeline" brand, we primarily offer mobile telecommunications services to our customers under two types of payment plans: postpaid plans and prepaid plans. As of December 31, 2019, approximately 87.2% of our customers in Russia were on prepaid plans.

The table below presents a description of the primary mobile telecommunications services we offer in Russia.

Voice
• airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for a predefined amount of voice traffic and roaming fees for airtime charges when customers travel abroad
Internet and Data Access
• GPRS/EDGE; 3G/HSPA; 4G/LTE; special wireless "Plug&Play" USB modems
Roaming
• active roaming agreements with 706 GSM networks in 214 countries • GPRS roaming with 606 networks in 189 countries • 4G/LTE roaming with 325 networks in 133 countries • roaming agreements generally state that the host operator bills PJSC VimpelCom for roaming services; PJSC VimpelCom pays these charges and then bills the customer for these services on a monthly basis
VAS
• caller-ID; voicemail; call forwarding; conference calling; missed call notification (via text); call blocking and call waiting
Messaging
• SMS (consumer and corporate); MMS and voice messaging (allows customers to send pictures, audio and video to mobile phones and to e-mails); mobile instant messaging
Content/infotainment
• voice services (including referral services); content downloadable to telephone (including music, pictures, games and video); RBT; mobile cloud solutions; geo-positioning and compass service for fleet and assets management; and M2M control center solution for all M2M/IoT verticals, Smart TV services, including Beeline TV
Mobile financial services
• Mobile payment; banking card; trusted payment; loans repayments; remittances; banks notification; and mobile insurance

The table below presents a description of business licenses relevant to our mobile business in Russia. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
Super-regional GSM (GSM900, GSM1800, GSM900/1800, UMTS 900 and 4G/LTE 1800 standards)	Moscow, Central and Central Black Earth, North Caucasus, North-West, Siberia, Ural and Volga	September 2022- April 2023 (various dates)
GSM(1) (GSM900, GSM1800, GSM900/1800 and 4G/ LTE 1800 standards)	Regions in the Far East super-region of Russia	2021 - 2025 (various dates)
	Orenburg region	June 2020
	Irkutsk region	2021 (various dates)
3G(2) (UMTS/LTE)	Nationwide(4)	May 2022
4G(3) (LTE)	Nationwide(4)	July 2022
4G/LTE 2600	32 districts of Russia	April 2026

(1) In total, our GSM licenses cover approximately 97% of Russia's population.

(2) PJSC VimpelCom holds one of three 3G licenses in Russia.

(3) In July 2012, PJSC VimpelCom was awarded a mobile license, a data transmission license, a voice transmission license and a telematic license for the provision of 4G/LTE services in Russia. These licenses allow PJSC VimpelCom to provide services using radio-electronic devices in Russia via networks that use 4G/LTE standard equipment within any of the following frequency bands: 735-742.5/776-783.5 MHz; 813.5-821/854.5-862 MHz; and 2550-2560/2670-2680 MHz. Certain channels allocated to us in accordance with the licenses have restrictions on their use. To remove restrictions, we have to perform organizational technical measure field tests. The rollout of the 4G/LTE network is using a phased approach based on a pre-defined schedule pursuant to the requirements of the license.

(4) This includes 83 regions of Russia, except for Republic of Crimea and Sevastopol.

LICENSE FEES
PJSC VimpelCom must pay an annual fee for the use of radio frequency spectrum. These fees were RUB 3,946 million and RUB 5,508 million for the years ended December 31, 2019 and 2018, respectively. Under Federal Law No. 126 FZ "On Communication" and license terms, PJSC VimpelCom is required to make universal service fund contributions in the amount equal to 1.2% of corporate revenues from provided communications services. Universal service fund contributions were RUB 2,345 million and RUB 2,404 million for the years ended December 31, 2019 and 2018, respectively. PJSC VimpelCom is also subject to certain other license fees on a case-by-case basis.

Mobile bundles

Our tiered data plans provide smartphone customers with data, voice and SMS packages. In 2019, we continued to focus on a simplified tariff portfolio with competitive prices in combination with transparent services. The penetration of unlimited tariffs across the Beeline subscriber base over the past year has increased by more than four times due to the demand for unlimited mobile internet as well as the results of the large-scale modernization of the Beeline network. We also note the continued popularity of calls within the network due to the migration of customers to family offers, which are "shared everything" bundle services that offers the option of multiple SIM cards for one account and allow subscribers to save on the cost of mobile communications without limiting other key features of their plans. In light of this trend, we simplified our tariff portfolio by allowing unlimited calls within the Beeline network while maintaining popular communication and entertainment services for customers who seek to economize by sharing their service packages with family members.

Distribution

In 2019, we sought to optimize the number of our stores by closing unprofitable locations. The number of owned retail monobrand stores was 2,849 as of December 31, 2019, compared to 3,073 as of December 31, 2018. As of December 31, 2019, the number of franchise stores was 1,678, compared to 1,761 as of December 31, 2018. As of December 31, 2019, we had 134 "Know How" stores, compared to 143 as of December 31, 2018. The total number of owned retail monobrand stores as of December 31, 2019 was 4,661 stores as compared to 4,961 stores as of December 31, 2018. We continued our partnership programs to increase the number of the joint stores with coffee shops, post offices and ATMs.

In 2019, we maintained high availability of live agents at call centers, simplified a number of service procedures and business processes and endeavored to improve overall customer care, operational efficiency and customer experience. Several initiatives were launched to transition our customer care functions from traditional voice channels to digitalized text and self-service channels. Our mobile self-service application for iOS and Android was downloaded approximately 14 million times in 2019, and the monthly active base of the MyBeeline platform reached 10.1 million active customers per month as of December 31, 2019. Additionally, in December 2019 we launched a new service communication channel in pilot mode and began offering support for WhatsApp, the most popular messenger in Russia, with the aim of digitizing our customers' experiences. We continued to develop ChatBot, a software robot that converses in natural language, provides necessary information and answers clients' questions as a call center operator in our mobile application and website, which helped to automate up to 70% of clients' requests. In 2019, we

also completed the roll out of Voice Speech Recognition in interactive voice response (IVR), a software that automatically allows the IVR system to understand inbound voice calls and route clients' requests to the right menu.

The updated Beeline TV service, which was launched in May 2018, gained traction in 2019 as the audience exceeded 1 million users. A key feature of the updated service is the OTT mode, allowing a subscriber of any mobile and fixed telecom operator can use the service on both their mobile devices and at home. The Beeline TV multi-platform service provides access to more than 300 TV channels with the ability to view the archive of programs and films from leading Russian and Hollywood film studios and the ability to subscribe to films and TV shows from certain partners.

Competition

The following table shows our and our primary mobile competitors' respective customer numbers in Russia as of December 31, 2019:

Operator	**Customers in Russia (in millions)**
MTS	71.7
MegaFon	68.7
PJSC VimpelCom	52.0
Tele2	44.2

Source: Analysys Mason.

According to Analysys Mason, there were approximately 239.1 million mobile customers in Russia as of December 31, 2019, compared to 239.4 million mobile customers as of December 31, 2018, representing a mobile penetration rate of approximately 161.9% as of December 31, 2019, compared to approximately 161.9% as of December 31, 2018.

Mobile Business in Pakistan

In Pakistan, customers continued to migrate to 4G/LTE following its launch in 2017. We operate in Pakistan through our operating company, PMCL and our brand, "Jazz," which is the historic Mobilink brand together with the merged Warid brand. In 2019, PMCL provided 3G services in over 300 towns and cities and 4G/LTE services in 228 cities.

In Pakistan, we offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2019, approximately 96.8% of our customers in Pakistan were on prepaid plans.

The table below presents the primary mobile telecommunications services we offer in Pakistan.

Voice
• airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for a predefined amount of voice traffic and roaming fees for airtime charges when customers travel abroad
Internet and data access
• GPRS, EDGE, 3G and 4G/LTE
Roaming
• active roaming agreements with 326 GSM networks in 148 countries • GPRS roaming with 248 networks in 116 countries • CAMEL roaming through 122 networks in 67 countries • roaming agreements generally state that the host operator bills PMCL for the roaming services; PMCL pays these charges and then bills the customer for these services on a monthly basis
VAS
• caller-ID; voicemail; call forwarding; conference calling; call blocking and call waiting
Messaging
• SMS, MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail), and mobile instant messaging
Content/infotainment
• ecosystem of digital services: mobile TV, music and live audio streaming, video streaming, mobile magazine, sports (including cricket), mega deals
Mobile financial services[1]
• mobile payment; banking card; trusted payment; banks notification; and mobile insurance

(1) *Mobilink Microfinance Bank Limited ("Mobilink Bank"), our wholly owned subsidiary owned through Global Telecom Holding SAE, carries on a microfinance banking business and provides certain MFS, DFS and traditional banking services (including the granting of microfinance loans, provision of credit, payment and transfer services and a variety of other banking services) in Pakistan under license granted by the State Bank of Pakistan and is subject to regulation by the State Bank of Pakistan. In partnership with Jazz, Mobilink Bank offers mobile wallets and payment services under the brand "Jazz Cash".*

The table below presents a description of business licenses relevant to our mobile business in Pakistan. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License[1][3]	Expiration
2G[3]	Nationwide	2022
	Nationwide	2019 [2]
3G	Nationwide	2029
4G/LTE (NGMS)	Nationwide	2032
	Nationwide	2019 [2]

(1) Warid (now merged with Jazz) acquired a 15-year technology neutral license in 2004 for US$291 million. US$145.5 million was paid upfront with the remainder paid in ten equal annual installments starting with a four-year grace period, with the last payment made May 2018. The same 2G license was amended in December 2014 by the Pakistan Telecommunication Authority ("PTA") to allow Warid to provide 4G/LTE services in Pakistan. Additionally, the National Accountability Bureau is currently conducting an investigation into certain former PTA and other officials, and has requested information from Jazz concerning Warid's 2014 license amendment while the investigation is ongoing.

(2) The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the PTA issued a license renewal decision on July 22, 2019 requiring payment of US$39.5 million per MHz for 900 MHz spectrum and US$29.5 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 million (excluding advance tax of 10%). 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. In September 2019, Jazz deposited approximately US$225 million in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded as a non-current financial assets in the statement of financial position. The next hearing date before the Islamabad High Court is April 9, 2020

(3) In addition, PMCL and its subsidiaries have other licenses, including LDI, WLL, local loop licenses, licenses to provide non-voice communication services, and licenses to provide class VAS in Pakistan, AJK and Gilgit-Baltistan. The licensees must also pay annual fees (0.5%) to the PTA and make universal service fund contributions (1.5%) and/or research and development fund contributions (0.5%), as applicable, in a total amount equal to a percentage of the licensees' annual gross revenues (less certain allowed deductions) for such services.

(4) In 2007, PMCL renewed its 2G license for a further term of 15 years. As of December 31, 2019, PMCL had paid its outstanding balance of US$14.5 million to the PTA for the renewal of its 2G license (paid on December 5, 2019). This amount had been payable in yearly installments of US$14.5 million, payable in December of each year, until December 2019. PMCL has two 15-year licenses for provision of cellular mobile 2G services in AJK and Gilgit-Baltistan.

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Under the terms of its 2G, 3G and 4G/LTE licenses, as well as its license for services in AJK and Gilgit-Baltistan, PMCL must pay annual fees to the PTA and make universal service fund contributions and/or research and development fund contributions, as applicable (not all of the foregoing are applicable to all licenses), in a total amount equal to 2.5% of PMCL's annual gross revenues (less certain allowed deductions) for such services, in addition to spectrum administrative fees. PMCL's total license fees (annual license fees plus revenue sharing) in Pakistan (excluding the yearly installments noted above) were US$24.7 million, US$26.9 million, and US$26.7 million for the years ended December 31, 2019, 2018 and 2017, respectively. PMCL's total spectrum administrative fee payments, including for Warid's spectrum, were US$1.6 million, US$1.9 million, and US$1.5 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Mobile bundles

We continue to focus on a technology agnostic mobile internet portfolio, meaning same pricing across 2G, 3G and 4G/LTE technologies. n Pakistan, we offer a portfolio of tariffs and products designed to cater to the needs of specific market segments, including mass-market customers, youth customers, personal contract customers, SOHOs (with one to three employees), SMEs (with four to 249 employees) and enterprises (with more than 249 employees). We offer corporate customers several postpaid plan bundles, which include on-net minutes, variable discounts for closed user groups and follow-up minutes based on bundle commitment.

Distribution

As of December 31, 2019, our sales channels in Pakistan included one company store, 21 business centers, a direct sales force of 183 employees looking after indirect sales channels, 399 exclusive franchise stores currently active and additional 102 monobrands outlets and over 217,389 non-exclusive third-party retailers. For top-up, we offer prepaid scratch cards and electronic recharge options, which are distributed through the same channels. Jazz brand SIMs are sold through more than 40,431 retailers, supported by biometric verification devices.

Competition

The following table shows our and our competitors' respective customer numbers in Pakistan as of December 31, 2019:

Operator	Customers in Pakistan (in millions)
PMCL ("Jazz")	60.5
Telenor Pakistan	45.7
Zong	35.8
Ufone	23.4

Source: The Pakistan Telecommunications Authority.

According to the PTA, there were approximately 165.4 million mobile customers in Pakistan as of December 31, 2019, compared to 154.0 million mobile customers in Pakistan as of December 31, 2018, representing a mobile penetration rate of approximately 78.2% compared to 74.5% as of December 31, 2018.

Mobile Business in Algeria

We operate in Algeria through our operating company, Optimum, and our brand, "Djezzy." Optimum provides 4G/LTE services in Algeria in 28 of 48 provinces across the country, including Algiers, and the largest provinces in terms of population. In Algeria, we generally offer our customers mobile telecommunications services under prepaid and postpaid plans. As of December 31, 2019prepaid, postpaid and hybrid (a monthly fee with recharge possibility) represented approximately 86%, 4% and 10%, respectively, of the revenue generated by all our customers in Algeria.

With respect to ownership of Omnium Telecom Algérie S.p.A. ("OTA"), GTH holds a controlling interest of 45.57% directly and indirectly through Oratel International Inc. Limited and Moga Holding Limited. The Algerian National Investment Fund holds 51% directly in OTA and a local minority shareholder, Cevital S.p.A., holds directly the remaining 3.43%. The establishment of this partnership in January 2015 strengthened OTA's position and prospects, with greater opportunities for our operations in Algeria. VEON Ltd. exercises operational control over OTA and, as a result, fully consolidates OTA, which holds 99.99% of Optimum. In 2015, the operating company in Algeria changed from OTA to Optimum. Historical references to our operating company in Algeria have therefore been retained as OTA throughout this Annual Report.

The table below presents the primary mobile telecommunications services we offer in Algeria.

Voice
• airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for a predefined amount of voice traffic and roaming fees for airtime charges when customers travel abroad
Internet and data access
• GPRS, EDGE, 3G and 4G/LTE technology
• data services available via pay-per-use and via a bundle
Roaming
• active roaming agreements with 458 GSM networks in 158 countries
• GPRS roaming with 316 networks in 119 countries
• 3G roaming with 250 networks in 109 countries
• 4G/LTE roaming with 73 networks in 39 countries
• GPRS, EDGE, 3G and 4G/LTE technology
• roaming agreements generally state that the host operator bills OTA for roaming services; OTA pays these charges and then bills the customer for these services on a monthly basis
VAS
• caller-ID; call forwarding; conference calling; call blocking; call waiting; beep call; verso+; collect SMS; VMS vocal message service; A2P; and short code third party services
Messaging
• SMS, MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail), and mobile instant messaging
Content/infotainment
• mobile message notification service offering packages with various types of content (sports, news, food, culture) (SMS SCOOP); ring back tunes (RBT); co-branding with VTC service app (Yassir); game portal
Mobile financial services
• peer-to-peer credit transfer and credit loan

The table below presents a description of business licenses relevant to our mobile business in Algeria. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
2G(1)	Nationwide	2021
VSAT(2)	Nationwide	2019
3G(3)	Nationwide	2028
4G/LTE(4)	Nationwide	2031

(1) In 2001, OTA was awarded a 15-year license to operate a 2G telecommunications network for an aggregate fee of approximately US$737 million. The license expired in 2016 and was renewed for a five-year period at no additional cost (Decree 17-195 of June 11, 2017).

(2) In 2003, OTA acquired a VSAT data-voice license for an aggregate fee of US$2.05 million and renewed the license in 2014 for an additional period of five years, at no additional cost. This license expired in April 2019, and, a new license agreement was signed in September 2019 between Optimum, ARPCE and MPT, with publication of the executive decree finalizing the renewal expected by December 2020

(3) In 2013, OTA was awarded a 15-year license to operate a 3G telecommunications network for an aggregate fee of approximately US$38 million, which was paid in full in 2013. Under the terms of its 3G license, OTA is required to pay an additional annual revenue sharing fee of 1% based on 3G revenues less interconnection costs.

(4) Under the terms of its 4G/LTE license, Optimum is required to pay an additional annual revenue sharing fee of 1% based on 4G/LTE revenues less interconnection costs.

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Under the terms of its 2G, 3G, 4G/LTE and VSAT licenses, OTA is required to pay contributions for the universal service and environmental protection fund (3% of revenues); management of the numbering plan (0.2% of revenues less interconnection costs); research, training and standardization (0.3% of revenues less interconnection costs); license fees for 3G and 4G licenses (1% of revenue less interconnection costs; and a new tax (0.5% of revenues excluding VSAT) introduced in the 2018 Finance Law. OTA's total license fees in Algeria were US$65.1 million, US$62.6 million, and US$61.8 million for the years ended December 31, 2019, 2018 and 2017, respectively, of which US$27.8 million, US$28.1 million, and US$28.1 million, respectively, was related to spectrum charges, and US$37.3(1) million, US$34.5 million, and US$33.7 million, respectively, was related mainly to contributions made to the Universal Services of Telecommunications fund and to the number plan management over the same periods.

(1) Reflects a change of the universal services tax calculation rule, from a calculation base of 3% of total revenue less interconnection cost to a calculation base of 3% of total revenue, with retroactivity on 2018 (impact of US$2.2 million of 2018 reported on 2019).

Distribution

As of December 31, 2019, we sell our mobile telecommunications services through our 82,437 shops, indirect channels (distributors), and indirect points of sale, of which 124 were monobrand shops rented, equipped, staffed and managed by Optimum and equipped with IT material and sales applications. Our seven exclusive national distributors cover all 48 wilayas (provinces) of Algeria and are distributing our products through over 82,313 points of sale, of which all are authorized to sell airtime and 14,444 are authorized to sell SIMs. As of December 31, 2019, we also had a pool of more than 99 agents in call centers, who focus on customer care, including retention, troubleshooting and handling of complaints. This pool of insourced agents are directly managed by Optimum in three languages (Arabic, French, and Amazigh). We provide customer support for the Djezzy brand through our call centers, which are open 24 hours per day and seven days per week.

Competition

Growth in Algeria's mobile market is expected to slow, and attention is expected to shift to maintaining or improving ARPU, supported by data revenue growth after the commercial launch of 4G/LTE networks.

The following table shows our and our competitors' respective customer numbers in Algeria as of December 31, 2019:

Operator	**Customers in Algeria (in millions)**
Mobilis	21.6
Optimum ("Djezzy")	14.6
Ooredoo	12.6

Source: Analysys Mason..

According to Analysys Mason, there were approximately 48.8 million mobile customers in Algeria as of December 31, 2019, compared to 51.3 million mobile customers as of December 31, 2018, representing a mobile penetration rate of approximately 112.3%, compared to 120.4% as of December 31, 2018.

Mobile Business in Bangladesh

We operate through our operating company, Banglalink Digital Communications Limited ("BDCL") and our brand "banglalink" in Bangladesh. On February 19, 2018, BDCL acquired a 4G/LTE license for US$1.2 million in order to launch a high-speed data network. Following the rollout of the 4G/LTE network, the number of data customers has grown rapidly, which positively affects ARPU as the use of the internet grows, with improving data speed presenting a significant opportunity for mobile operators in Bangladesh to increase their market shares in significant urban centers.

The telecommunications market in Bangladesh is largely comprised of prepaid customers. As of December 31, 2019, approximately 94% of our customers in Bangladesh were on prepaid plans.

The table below presents the primary mobile telecommunications services we offer in Bangladesh.

Voice
• airtime charges from mobile postpaid and prepaid customers, including voice packs and mixed bundles
Internet and data access
• GPRS, EDGE, 3G and 4G/LTE technology • data services provided via pay-per-use and via a bundle
Roaming
• active roaming agreements with 400 GSM networks in 145 countries • GPRS roaming with 301 networks in 115 countries • maritime roaming and in-flight roaming
• roaming agreements generally state that the host operator bills BDCL for roaming services; BDCL pays these charges and then bills the customer for these services on a monthly basis
VAS
• call forwarding; conference calling; call blocking; call waiting; caller line identification presentation; call me back; and voicemail missed call alert
Messaging
• SMS, MMS (which allows customers to send pictures, audio and video to mobile phones and to e-mail) and mobile instant messaging
Content/infotainment
• news alert service; sports related content; job alerts; music streaming; mobile TV; content download; religious content; and RBT
Mobile financial services
• SMS and data network is provided to Bangladesh Post Office for their Mobile Money Order service

The table below presents a description of business licenses relevant to our mobile business in Bangladesh. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
2G(1)	Nationwide	2026
3G(2)	Nationwide	2028
4G/LTE(3)	Nationwide	2033

(1) In November 1996, BDCL was awarded a 15-year GSM license to establish, operate and maintain a digital mobile telephone network to provide 2G services throughout Bangladesh. The license was renewed in November 2011 for a further 15-year term.

(2) In September 19, 2013, following a competitive auction process, BDCL was awarded a 15-year license to use 5 MHz of technology neutral spectrum in 2100MHz band and was also awarded a 3G license, for which it paid a total cost of BDT 8,677.4 million (inclusive of 5% VAT), including both a license acquisition fee and a spectrum assignment fee.

(3) On February 13, 2018, BDCL acquired a 4G/LTE license for US$1.2 million. BDCL also acquired the right to use 10.6 MHz technology neutral of spectrum in 1800 MHz (5.6) and 2100 MHz (5) for US$323 million including VAT (33.34% of the fee has been considered as tariff value for 15% VAT). Banglalink also converted 15MHz of existing 2G spectrum for US$37.01 million.

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Under the terms of its 2G, 3G and 4G/LTE mobile licenses, BDCL is required to pay to the Bangladesh Telecommunication Regulatory Commission (i) an annual license fee of BDT 50.0 million (US$0.6 million as of December 31, 2019) for each mobile license; (ii) 5.5% of BDCL's annual audited gross revenue, as adjusted pursuant to the applicable guidelines; and (iii) 1% of its annual audited gross revenue (payable to Bangladesh's social obligation fund), as adjusted pursuant to the applicable guidelines. The annual license fees are payable in advance of each year, and the annual revenue sharing fees are each payable on a quarterly basis and reconciled at the end of each year. BDCL's total license fees (annual license fees plus revenue sharing) in Bangladesh were equivalent to US$36.9 million, US $34.7 million, and US$38.6 million for the years ended December 31, 2019, 2018 and 2017, respectively. In addition to license fees, BDCL pays annual spectrum charges to the BTRC, calculated according to the size of BDCL's network, its frequencies, the number of its customers and its bandwidth. The annual spectrum charges are payable on a quarterly basis and reconciled at the end of each year. BDCL's annual spectrum charges were equivalent to US$11.8 million, US$11.8 million, and US$9.08 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Distribution

As of December 31, 2019, our sales and distribution channels in Bangladesh included 85 monobrand stores, a direct sales force of 71 enterprise sales managers and 174 zonal sales managers for mass market retail sales channels, 50,857 retail SIM outlets, 257,228 top-up selling outlets, online sales channels, and 4,485 key retail outlets. BDCL provides a top-up service through mobile financial services, ATMs, recharge kiosks, international top-up services, SMS top-up and banglalink online recharge. The banglalink brand provides customer support through its contact center, which is open 24 hours a day and seven days a week. The contact center caters to a number of after-sales services to all customer segments with a special focus on a "self-care" app to empower customers and avoid customer reliance on call center agents. In order to stimulate mobile phones and smartphones' penetration, we offer banglalink branded internet through reverse-bundle model in device partners' channels.

Competition

The mobile telecommunications market in Bangladesh is highly competitive. The following table shows our and our competitors' respective customer numbers in Bangladesh as of December 31, 2019.

Operator	**Customers in Bangladesh (in millions)**
Grameenphone	76.5
Robi Axiata	49.0
BDCL ("banglalink")	33.6
Teletalk	4.9

Source: Bangladesh Telecommunication Regulatory Commission and, for BDCL ("banglalink") only, Analysys Mason.

The top three mobile operators, Grameenphone, banglalink and Robi Axiata, collectively held approximately 97.0% of the mobile market where the market consisted of approximately 165.6 million customers in Bangladesh as of December 31, 2019, compared to 156.9 million customers as of December 31, 2018, according to the Bangladesh Telecommunication Regulatory Commission. According to Analysys Mason, as of December 31, 2019, a mobile penetration rate comprised approximately 100.1% compared to 96.1% as of December 31, 2018.

Mobile Business in Ukraine

We operate in Ukraine with our operating company "Kyivstar" JSC and our brand, "Kyivstar." The Ukrainian mobile market operates on a 2G, 3G and 4G/LTE basis. As of December 31, 2019, approximately 86% of our customers in Ukraine were on prepaid plans. Kyivstar secured 4G/LTE licenses and spectrum in two separate transactions in 2018.

The table below presents the primary mobile telecommunications services we offer in Ukraine.

Voice
• airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for a predefined amount of voice traffic and roaming fees for airtime charges when customers travel abroad
Internet and data access
• GPRS/EDGE, 3G and 4G/LTE
Roaming
• active roaming agreements for 493 networks in 189 countries • GPRS roaming on 431 networks in 167 countries • 3G roaming on 316 networks in 133 countries • 4G/LTE roaming on 75 networks in 56 countries
Messaging
• SMS; MMS; voice messaging and SMS services (including information services such as news, weather, entertainment chats and friend finder)
Content/infotainment
• voice services (including referral services); content downloadable to telephone (including music, pictures, games and video); mobile TV and RBT
Mobile financial services
• mobile payment; banking card; trusted payment; banks notification; mobile insurance; and Smart Money (payment method for services via mobile phone)

The table below presents a description of business licenses relevant to our mobile business in Ukraine. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
GSM900 and GSM1800(1)	Nationwide	October 5, 2026(4)
3G(2)	Nationwide	April 1, 2030
4G/LTE(3)	Nationwide	July 1, 2033 (1800 MHz)
4G/LTE(3)	Nationwide	January 31, 2033 (2600 MHz)

(1) Licenses were received on October 5, 2011 for a term of 15 years each.

(2) The license was issued on April 1, 2015 for a term of 15 years. Services provided in the 2100 MHz band. We have also obtained a range of national and regional radio frequency licenses for the use of radio frequency resources in the referred standards and in specified standards— radio-relay and WiMax. Our network coverage is (except the Anti-Terrorist Operation zone where Kyivstar is not able to use and control its network): 91.46% of the 2G network; 18.7% of the 3G network; 9,864 localities covered by 2G network; and 25,484 localities covered by 3G network.

(3) Kyivstar secured 4G/LTE licenses and spectrum in two separate transactions in 2018. Following the auction held on January 31, 2018, Kyivstar acquired 15 MHz (paired) of contiguous frequency in the 2600 MHz band for UAH 0.9 billion (US$32 million as of December 31, 2018). In addition, on March 6, 2018, Kyivstar secured the following spectrum through auction in the 1800MHz band: 25MHz (paired) for UAH 1.325 billion (US$47 million as of December 31, 2018) and two lots of 5MHz (paired) for UAH 1.512 billion (US$54 million as of December 31, 2018).

(4) The date is valid for licenses to provide telecommunications services. Due to the changes to legislation that came into force on December 24, 2019, extensions and renewals of these licenses will not be required in future. The licenses for the radio frequency resource in 900 MHz are currently (as of February 27, 2020) being re-issued as part of a government project on 900 MHz redistribution and refarming as a way to introduce 4G (LTE) into 900 MHz. As a result of this project, Kyivstar returned 12.5 MHz and received back on average across the country 11.9 MHz, out of which 6.2 MHz was provided with technological neutrality license conditions.

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In 2019, Kyivstar PJSC made spectrum and license payments as follows: annual fee for the use of radio frequency spectrum - UAH 991 million (paid to the State Budget); EMC monitoring - UAH 226.3 million (paid to Ukrainian State Center of Radio Frequencies); and an extension of existing licenses and acquisition of new licenses (13 licenses in all) on use of radio frequency spectrum and fixed line services - UAH 23.1 million (paid to the State Budget).

Mobile bundles

Kyivstar offers bundles including combinations of voice, SMS and MMS, mobile data and OTT services.

Distribution

Kyivstar's strategy is to maintain a leadership position by using the following distribution channels: distributors (36% of all connections), local chains (16%), national chains (9%), monobrand stores (21%), direct sales (11%) and active sales (7%).

Competition

The following table shows our and our primary mobile competitors' respective customer numbers in Ukraine as of December 31, 2019:

Operator	Customers (in millions)
Kyivstar	26.2
"VF Ukraine" JSC	19.6
"lifecell" LLC	7.4

Source: Analysys Mason

Kyivstar competes primarily with "VF Ukraine" JSC, operating under the Vodafone brand, which is 100% owned by Bakcell LLC (NEQSOL Holding international group of companies) and operates a GSM900/1800 and an LTE 1800/2600 network in Ukraine. Kyivstar also competes with "lifecell" LLC, which is 100% owned by Turkcell, as well as with Trimob LLC, a 100% affiliate company of Ukrtelecom to provide services under a 3G license, and with other small CDMA operators.

According to Analysys Mason, as of December 31, 2019, there were approximately 56.2 million customers in Ukraine, representing a mobile penetration rate of approximately 134.3 % compared to 56.3 million customers and a mobile penetration rate of 134.0% as of December 31, 2018.

Mobile Business in Uzbekistan

In Uzbekistan, we operate through our operating company, LLC "Unitel," and our brand, "Beeline." We offer our customers mobile telecommunications services under postpaid and prepaid plans. As of December 31, 2019, approximately 98.0% of our customers in Uzbekistan were on prepaid plans.

Our 3G/HSPA services were commercially launched in 2008, and the majority of the network was constructed in 2010. Our 4G/LTE services were commercially launched in 2014. Unitel was the first mobile operator to provide 4G/LTE services.

The table below presents the primary mobile telecommunications services we offer in Uzbekistan.

Voice
• airtime charges from mobile postpaid and prepaid customers, including monthly contract fees for a predefined amount of voice traffic and roaming fees for airtime charges when customers travel abroad • GSM service is provided in 2G and 3G networks; call duration for one session is limited to 40 minutes
Internet and data access
• GPRS/EDGE/3G/4G/LTE networks
Roaming
• active roaming agreements with 487 GSM networks in 186 countries • GPRS roaming with 392 networks in 164 countries • CAMEL roaming through 287 networks in 123 countries • roaming agreements generally state that the host operator bills us for roaming services; we pay these charges and then bill the customer for these services on a monthly basis
VAS
• caller-ID; voicemail; call forwarding; conference calling; call blocking; and call waiting
Messaging
• SMS and voice messaging
Content/infotainment
• voice services (including referral services), content downloadable to telephone (including music, pictures, games and video), RBT, SMS content services (including information services such as news, weather, entertainment chats and friend finder) and proprietary digital content services (including Beeline TV and Beeline music)
Mobile financial services
• proprietary payment system "Beepul" (including card-to-card transfer); bank card payments; and trusted payment

The table below presents a description of business licenses relevant to our mobile business in Uzbekistan. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
GSM900/1800[(1)]	Nationwide	August 7, 2031
3G[(1)]	Nationwide	August 7, 2031
4G/LTE[(1)]	Nationwide	August 7, 2031
International Communication Services License	Nationwide	2026
Data Transfer	Nationwide	Unlimited/June 2020[(2)]
Inter-city communication services license	Nationwide	2026
TV broadcasting	Nationwide	2023

(1) Requires annual license fee payments.

(2) License for exploitation of the data transfer network does not have a fixed term, and license for design, construction and service provision of data transfer network expires in June 2020.

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In 2019, Unitel LLC made payments for spectrum and licenses with the following split: the annual fee for use of radio frequency spectrum in the total amount of US$3,246,693 and renewal of existing licenses (7 licenses in total) in the total amount of US $3,239,835 paid to the state budget of Ministry for Development of Information Technologies and Communications.

Mobile bundles

We offer bundled tariff plans, which may differ by types or volume of traffic, duration (daily, weekly, fortnightly, and monthly), and region or charge type. Currently, we provide data only bundles consisting of different types of traffic volume, charge and duration and integrated bundles consisting of traditional voice with SMS and data traffic, including digital services.

Distribution

In Uzbekistan, we offer a portfolio of tariffs and products for the prepaid system designed to cater to the needs of specific market segments, including mass-market customers, youth customers and high value contract customers. Further, we have the following four segments in our postpaid system: Large Accounts, Business to Government, SME and SOHO. As of December 31, 2019, our sales channels in Uzbekistan include 27 offices and monobrand stores, 594 exclusive stores and 1,112 multibrand stores.

Competition

The following table shows our and our primary mobile competitors' respective customers in Uzbekistan as of December 31, 2019:

Operator	Customers (in millions)
LLC "Unitel"	8.1
Ucell	7.1
UzMobile (Uzbektelecom)	4.8
UMS	3.0
Perfectum	0.3

Source: Analysys Mason.

According to Analysys Mason, as of December 31, 2019, there were approximately 23.3 million mobile customers in Uzbekistan, representing a mobile penetration rate of approximately 70.1% compared to 22.2 million customers and a mobile penetration rate of 67.7% in 2018.

Mobile Business in Kazakhstan

In Kazakhstan, we operate as Beeline Kazakhstan, the country's largest independent mobile operator. As of December 31, 2019, approximately 94.6% of our customers in Kazakhstan were on prepaid plans.

The table below presents the primary mobile telecommunications services we offer in Kazakhstan.

Voice
• Standard voice services • Prepaid and postpaid airtime charges from customers, including weekly and monthly contract fees for a predefined amount of voice traffic and roaming fees for airtime usage when customers travel abroad
Internet and data access
• 3G and 4G/LTE service
• technology neutral licenses
Roaming
• Voice roaming with 561 networks in 191 countries • 4G/LTE roaming with 174 networks in 77 countries • GPRS roaming with 472 networks in 152 countries • CAMEL roaming through 351 networks in 137 countries • roaming agreements generally state that the host operator bills us for roaming services; we pay these charges and then bill the customer for these services on a monthly basis
VAS
• caller-ID; voicemail; call forwarding; call blocking; trusted payment; receiving party pays (RPP); callback services; mobile transfer (transferring funds from the balance of one subscriber to the balance of another)
Messaging
• SMS; display of Beeline account balance information
Content/infotainment
• Brand Content (including Yandex, ZVOOQ, Book.beeline.kz, Viktorina, RBT) • Non-Brand (including Voice CPA, Content), SMS inform, free phone
Mobile financial services
• proprietary payment system “Beepul” (including card-to-card transfer); bank card payments; and trusted payment

The table below presents a description of business licenses relevant to our mobile business in Kazakhstan.

Licenses (as of December 31, 2019)	Expiration
Mobile services (GSM900/1800, UMTS/WCDMA2100, 4G/LTE800/1800)	Unlimited term

(1) License received on August 24, 1998.

(2) KaR-Tel has permission to use of spectrum in 800 MHz, 900 MHz, 1800 MHz and 2100 MHz for mobile services and in 2.5-2.6 GHz, 3.3-3.5 GHz, and 5,5 GHz for wireless access to internet (WLL).

(3) Upfront payments in US$ are: 800 MHz (US$62,691,378) in 2016, 900 MHz (US$67,500,000) in 1998, 1800 MHz (US$10,958,904) for 4G in 2016, 2G (US$20,783,107) in 2008, and 2100 MHz (US$34,106,412) in 2010.

LICENSE FEES
Under the Kazakhstan tax code, in 2019 KaR-Tel was required to pay: (i) an annual fee for the use of radio frequency spectrum amounting to KZT 5,632,286,663 for mobile and KZT 141,685,472.30 for a wireless local loop (WLL); and (ii) a mobile services provision payment amounting to 1.3992% of corporate revenues from provided communications services, which totaled KZT 1,743,099,899.

Mobile bundles

Our suite of integrated bundles is designed for active data-users. We focus on data services, such as unlimited access to popular resources: social networks, instant messaging and video hosting. In 2019, we switched to a 4-week billing cycle and launched a service enabling the exchange of extra minutes for gigabytes. In 2020, we expect to launch a paid family option allowing several numbers to exist on a single account. All bundles work with a mixed payment system: they automatically switch to daily payment if the current balance is insufficient for full payment. The penetration of bundles into the active base is 90%.

Distribution

We distribute our products in the countries in Kazakhstan through owned monobranded stores, franchises and other distribution channels. As of December 31, 2019, we had 145 total stores in Kazakhstan (including 20,151 other points of sale, such as electronics stores).

Competition

The following table shows our and our primary mobile competitors' respective customers in Kazakhstan as of December 31, 2019:

Operator	**Customers (in millions)**
Beeline Kazakhstan	10.4
Telia Company (Kcell)	8.2
Tele2/Altel	7.3

Source: Analysys Mason.

According to Analysys Mason, as of December 31, 2019, there were approximately 26.0 million mobile customers in Kazakhstan, representing a mobile penetration rate of approximately 139.0% compared to 26.1 million customers and a mobile penetration rate of 141.4% in 2018.

Mobile Business in Others

In the countries in our "Others" category, we generally offer our customers mobile telecommunications services under prepaid and postpaid plans.

The "Others" category represents our operations in Kyrgyzstan, Armenia and Georgia. For information on reportable segments, see — *Operating and Financial Review and Prospects — Reportable Segments.*

As of December 31, 2019, we had the following percentages of prepaid and postpaid customers:

Payment Plan	**Kyrgyzstan**	**Armenia**	**Georgia**
Prepaid	95.4%	87.5%	100%
Postpaid	4.6%	12.5%	—

Voice	
• Standard voice services • Prepaid and postpaid airtime charges from customers, including weekly and monthly contract fees for a predefined amount of voice traffic and roaming fees for airtime usage when customers travel abroad.	
Internet and Data Access	
• 3G and 4G/LTE services in each of Kyrgyzstan, Armenia, and Georgia • technology neutral licenses in each of Kyrgyzstan, Armenia, and Georgia	
Roaming	
Kyrgyzstan	Voice: 429 networks in 130 countries
	GPRS: 260 networks in 99 countries
	4G/LTE: 49 networks in 34 countries
	CAMEL: 198 networks in 86 countries
Armenia	Voice: 439 networks in 184 countries
	GPRS: 361 networks in 139 countries
	CAMEL: 271 networks in 113 countries
	3G: 312 networks in 131 countries
	4G/LTE: 143 networks in 82 countries
Georgia	Voice: 230 networks in 92 countries
	GPRS: 209 networks in 83 countries
	CAMEL: 167 networks in 67 countries
• roaming agreements generally state that the host operator bills for roaming services; we pay these charges and then bill the customer for these services (in some cases on a monthly basis)	
VAS	
• caller-ID; voicemail; call forwarding; conference calling; call blocking and call waiting	
Messaging	
• SMS, MMS, voice messaging and mobile instant messaging	
Content/infotainment	
• SMS CPA, Voice CPA, RBT, voice services (including referral services), content downloadable to telephone (including music, pictures, games and video); access to radio or television broadcasting online or via mobile app	
Mobile financial services	
• balance transfer, trusted payment, mobile wallet	

The table below presents a description of business licenses relevant to our mobile business in Others. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Country	Licenses (as of December 31, 2019)	Expiration
Kyrgyzstan	Radio spectrum of 800 MHz for the entire territory of Kyrgyzstan (technology neutral) 796-801MHz/837-842MHz	September 2025
	Radio spectrum of 800 MHz for the entire territory of Kyrgyzstan (technology neutral) 791-796MHz/832-837MHz	December 2026
	Radio spectrum of 900 MHz, 1800 MHz and 2100 MHz for the entire territory of Kyrgyzstan (technology neutral)	October 2024
	National license for electric communication service activity	Unlimited term
	National license for base station transmission	December 2024
	National license for services on data traffic	Unlimited term
Armenia[(1)]	Network operation for the entire territory of Armenia	March 2028
	National licenses to use radio spectrum of 900 MHz, 1800 MHz and 2100 MHz for the entire territory of Armenia (technology neutral)	March 2023 April 2029 June 2029
Georgia	GSM1800 10 MHz frequency	February 2030
	GSM900 5.49 MHz frequency	February 2030
	LTE 800 10 MHz frequency	February 2030
	10 MHz 3G frequency	December 2031

(1) The license is valid for both fixed/mobile operations countrywide

Wireless internet services

We have promotional zero-zones for major local and international social networks in each of these countries to lower the entry barrier for new data users and stimulate consumption for existing ones. We also focus on smartphone penetration growth in each of these countries as the major source of effective demand for our mobile internet services.

Distribution

We distribute our products in the countries in our "Others" category through owned monobranded stores, franchises and other distribution channels. As of December 31, 2019, we had 71 stores in Kyrgyzstan (including 5072 other points of sale), 78 stores in Armenia, and 35 stores in Georgia.

Mobile customers and mobile penetration rate

The table below presents our total number of customers and the total mobile penetration rate for all operators in each of the countries in our "Others" category as of December 31, 2019 and December 31, 2018.

	2019 *(millions of customers)*	**Mobile Penetration**	**2018** *(millions of customers)*	**Mobile Penetration**
Kyrgyzstan	2.3	126.8%	2.6	121.5%
Armenia	0.9	127.6%	1.0	125.9%
Georgia	1.4	134.8%	1.3	133.2%

Source: Analysys Mason.

Description of Our Fixed-line Telecommunications

In Russia, Ukraine and Uzbekistan, we offer voice, data and internet services to corporations, operators and consumers using a metropolitan overlay network in major cities and fixed-line telecommunications using inter-city fiber optic and satellite-based networks. In Armenia and Kazakhstan, we offer a range of fixed-line business services for B2O, B2B and B2C segments. In Armenia, our fixed-line business further offers a range of services, including PSTN-fixed telephony, internet, data transmission and network access, domestic and international voice termination, IPLC and TCP/IP international transit, over our national networks. In Pakistan, we offer internet and value-added services over a wide range of access media, covering major cities of Pakistan. We do not offer fixed-line telecommunications services in Algeria, Bangladesh, Kyrgyzstan or Georgia.

Fixed-line Business in Russia

The table below presents a description of the fixed-line telecommunications services we offer in Russia.

Services
• network access and hardware and software solutions, including configuration and maintenance, SaaS and an integrated managed service
• local access services by connecting the customers' premises to our own fiber network, international and domestic long-distance services and VSAT services to customers located in remote areas
• internet access to both corporate and consumer customers through backbone networks and private line channels
• IP address services, the ability to rent leased channels with different high-speed capacities and remote access to corporate information, databases and applications.
• managed Wi-Fi networks based on IEEE 802.11b/g/n/ac wireless technology
• virtual PSTN number, xDSL services, session initiation protocol (SIP) connection, financial information services, data center services, such as co-location, web hosting, audio conference and domain registration services
• IPTV services (1.45 million customers), virtual PBX, certain Microsoft Office packages (including SaaS), web-videoconferencing services and sale, rental and technical support for telecommunications equipment
• Pay TV (cable TV) (25,591 customers)
• OTT TV (TVE)
• FMC product services (1,334,834 customers)
• carrier and operator services, including voice, internet and data transmission over our own networks and roaming services
• MPLS-based IP VPN, local, domestic and international private lines, equipment and equipment maintenance (under interconnection agreements with international global data network operators
• high-speed domestic and international channels to international and Russian operators to sell excess backbone network capacity
Coverage
• all major population centers
• 40 regions of Russia (175 cities covered by FTTB network), including FVNO projects
Operations
• operate a number of competitive local exchange carriers that operate fully digital overlay networks in a number of major Russian cities
Customers
• FTTB and FMC
• large multinational corporate groups
• government clients
• SMEs
• high-end residential buildings in major cities

Distribution

We utilize a direct sales force in Moscow, operating both with fixed-line and mobile corporate customers and supported by specialists in technical sales support, marketing, customer service and end-user training. In addition, we employ a team of regional sales managers and a dedicated sales force in each of our regional branch offices, as well as having sales incentive plans with our regional partners.

Competition

Our fixed-line telecommunications business marketed as "Beeline Business" faces significant competition from other service providers and competes principally on the basis of convergent services and bundles, installation time, network quality, geographical network reach, customer service, range of services offered and price. The table below presents our competitors in the voice services, data services and fixed-line broadband markets in Russia.

Voice Services		
• Rostelecom	• TransTelecom	• OJSC "Multiregional TransitTelecom"
Data Services		
• Rostelecom	• TransTelecom	• MegaFon
Fixed-line Broadband		
• Rostelecom	• Akado	• NetbyNet
• MTS and its subsidiaries	• ER-Telecom	

In terms of end-user internet penetration, the consumer internet access business in Russia is saturated and end-user internet penetration is high. Competition for customers in Russia is intense, with internet providers utilizing new marketing efforts (for example, aggressive price promotions) in order to retain existing customers and attract new ones. We expect competition to increase in the future due to wider market penetration, consolidation of the industry, the growth of current operators and the appearance of new technologies, products and services.

Licenses

The table below presents a description of business licenses relevant to our fixed-line business in Russia and which expire in 2020. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	**License**	**Expiration**
Local Communications Services	Krasnodar	October 1, 2020
Leased Communications Circuits Services	St. Petersburg	June 8, 2020
Intra-zone Communication Services	Krasnodar	December 12, 2020
	Krasnodar	September 14, 2020
	Moscow	November 21, 2020
Telematic Services	St. Petersburg	November 21, 2020
Data Transmission Services License	Krasnodar	September 14, 2020

Fixed-line Business in Pakistan

The table below presents a description of the fixed-line telecommunications services we offer in Pakistan.

Services
• data, voice and VAS services over a wide range of access media, covering the major cities • data services being provided to the enterprise customers include: dedicated internet access, VPN (virtual private networking), leased lines & fixed telephony • domestic and international leased lines, domestic and international MPLS, and IP transit services through our access network[1] • high-speed internet access (including fiber optic lines) • telephony • telephone communication services, based on modern digital fiber optic network • dedicated lines of data transmission • dedicated line access and fixed-line mobile convergence
Coverage
• wired and wireless access services include FTTx, PMP (point to multipoint), point-to-point radios, VSAT, and WiMax connecting more than 225 locations across Pakistan
Operations
• long-haul fiber optic network covers more than 10,000 kilometers and, supplemented by wired and wireless networks
Customers
• enterprise customers • domestic and international carriers
• corporate and individual business customers

Distribution

We utilize a direct sales force in Pakistan for enterprise customers. This dedicated sales force has three channels dedicated to SMEs, large/key accounts and business-to-government. These channels are led by individual channel heads who further employ a team of regional sales managers in different regions, which are further supported by a sales force, including team leads and key account managers. There is also a centralized telesales executive team led by a manager and a dedicated sales force for customers that are engaged in reselling our services.

Competition

In Pakistan, our fixed-line business faces significant competition from other providers of fixed-line corporate services, carrier and operator services and consumer internet services. The table below presents our competitors in the internet services, carrier and operator services and fixed-line broadband markets in Pakistan.

Internet Services		
• PTCL	• Wi-Tribe	• World Call
• Wateen		
Carrier and Operator Services		
• PTCL	• Wi-Tribe	• World Call
• Wateen	• Telenor Pakistan	
Fixed-line Broadband		
• Pakistan Telecommunication Company Limited, or “PTCL”	• Cybernet	• Supernet
• Multinet	• Nexlinx	
• Wateen	• Nayatel	

Licenses

The table below presents a description of business licenses relevant to our fixed-line business in Pakistan. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
Long Distance & International (“LDI”)	Nationwide and International	2024
Local Loop (“LL”) (fixed line and/or wireless local loop with limited mobility)	Regional	2024

Fixed-line Business in Ukraine

The table below presents a description of the fixed-line telecommunications services we offer in Ukraine.

Services
• data • broadband services • corporate internet access • Fixed-line: VPN services, data center, contact center, voice, fixed-line telephony and a number of VAS • Internet access services: ADSL, symmetrical and Ethernet interfaces at speeds ranging from 256 kilobytes per second to 10 gigabytes per second • FMC • FTTB services tariffs for fixed-line broadband internet access targeted at different customer segments
Coverage
• provided services in 122 cities in Ukraine (excluding cities in Crimea and the ATO zone) • engaged in a project to install FTTB for fixed-line broadband services in approximately 42,131 residential buildings in 122 cities, providing over 58,158 access points

Our joint carrier and operator services division in Ukraine provides local, international and intercity long- distance voice traffic transmission services to Ukrainian fixed-line and mobile operators on the basis of our proprietary domestic long-distance/ ILD network, as well as IP transit and data transmission services through our own domestic and international fiber optic backbone and IP/MPLS data transmission network. We derive most of our carrier and operator services revenue in Ukraine from voice call termination services to our own mobile network and voice transit to other local and international destinations.

Distribution

Our company emphasizes high customer service quality and reliability for its corporate large accounts while at the same time focusing on the development of its SME offerings. We sell to corporate customers through a direct sales force and various alternative distribution channels such as IT servicing organizations and business center owners, and to SME customers through dealerships, direct sales, own retail and agent networks. We use a customized pricing model for large accounts which includes service or tariff discounts, volume discounts, progressive discount schemes and volume lock pricing. We use standardized and campaign-based pricing for SME customers. Our residential marketing strategy is focused on attracting new customers. We offer several tariff plans, each one targeted at a different type of customer.

Competition

There is a high level of competition with more than 400 internet service providers in Ukraine. The table below presents our competitors in the voice services, data services, carrier and operator services, voice and data services and retail internet services markets in Ukraine.

Voice Services(1), Data Services(2) and Voice Services		
• Ukrtelecom	• Datagroup	• Farlep-Invest (Vega)
Retail Internet Services		
• Ukrtelecom	• Volia	

(1) Voice services market for business customers only.

(2) Data services for corporate market only.

Licenses

Following recent legislative changes, including the changes to the Law "On Telecommunications" made in 2019 by the Ukrainian Parliament, state licensing of fixed-line telecommunications services is now abolished. Accordingly, our fixed-line business in Ukraine no longer requires licensing in order to operate. Licensing of radio frequency resource (RFR) use remains unchanged.

Fixed-line Business in Uzbekistan

The table below presents a description of the fixed-line telecommunications services we offer in Uzbekistan.

Services[(1)]
• fixed-line services, such as network access
• internet and hardware and software solutions, including configuration and maintenance
• high-speed internet access (including fiber optic lines and xDSL)
• telephony
• long distance and international long-distance telephony on prepaid cards
• telephone communication services, through our copper cable network and our modern digital fiber optic network
• dedicated lines of data transmission
• dedicated line access and fixed-line mobile convergence

Distribution

One of our priorities in Uzbekistan is the development of information and communications technology, which supports economic development in Uzbekistan. Our strategy includes maintaining our current market position by retaining our large corporate client customer base.

Competition

There is a high level of competition in the capital city of Tashkent, but the fixed-line internet market in most of the other regions remains undeveloped. The table below presents our competitors in the fixed-line services market in Uzbekistan.

Fixed-line Services	
• Uztelecom	• Sharq Telecom
• East Telecom	• TPS
• Sarkor Telecom	• EVO

Licenses

The table below presents a description of business licenses relevant to our fixed-line business in Uzbekistan. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
Fixed-line	Nationwide	2021
Data	Nationwide	2021
Long-distance	Nationwide	2029
International	Nationwide	2029

Fixed-line Business in Armenia

The table below presents a description of the fixed-line telecommunications services we offer in Armenia.

Services
• PSTN-fixed telephony • internet, data transmission and network access • domestic and international voice termination • TCP/IP international transit traffic services • local telephony services • international and domestic long distance services • broadband access services (including ADSL, VDSL, LTE 450 and fiber optic lines) • VoIP services • Session Initiated Protocol telephony • wholesale services, such as leased line service and wholesale broadband services • wholesale international voice termination and origination services for other local and international operators and service providers • fixed-line broadband internet access based on ADSL and FTTB technologies • dial-up services and wireless internet access based on CDMA technology • FMC bundles, offering fixed internet, fixed TV and mobile services, and fixed voice services

Distribution

Our strategy includes focusing on customer retention and ARPU growth by developing new services, including internet access through a fiber optic network with a guaranteed speed to corporate customers and government organizations.

Competition

The table below presents our competitors in the fixed internet and cable TV services market in Armenia.

Fixed Internet and Cable TV Services
• U!Com • Rostelcom

Licenses

The table below presents a description of business licenses relevant to our fixed-line business in Armenia. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
Fixed communication	Nationwide	2028
Fixed wireless access (450 MHz (LTE450))	Regional	2023

Fixed-line Business in Kazakhstan

The table below presents a description of the fixed-line telecommunications services we offer in Kazakhstan.

Services
• high-speed internet access • local, long distance and international voice services over IP • local, intercity and international leased channels and IP VPN services • cloud services • integrated corporate networks (including integrated network voice, data and other services) • FMC product, including mobile bundles and video content from Amediateka and IVI • ADSL, FTTB, Wi-Fi, WiMax, VSAT

Distribution

We are focusing on customer base and revenue growth, which we aim to promote by expanding our transport infrastructure, developing unique products, strengthening our position in the market and enhancing our sales efforts and data services.

Competition

The table below presents our competitors in the fixed-line telecommunications services market in Kazakhstan.

Internet, Data Transmission and Traffic Termination Services	
• Kazakhtelecom	• TransTelecom (owned by Kazakhstan Temir Zholy, the national railway company)
• KazTransCom	• Astel (a leader in the provision of satellite services)

Licenses

The table below presents a description of business licenses relevant to our fixed-line business in Kazakhstan. Unless noted otherwise, we plan to apply for renewal of these licenses prior to their expiration.

Services	License	Expiration
Long-distance and International	Nationwide	Unlimited

Seasonality

Our mobile telecommunications business is subject to certain seasonal effects. Generally, revenue from our contract and prepaid tariff plans tends to increase during the December holiday season, and then decrease in January and February. Mobile revenue is also higher in the summer months, when roaming revenue increases significantly as customers tend to travel more during these months. Guest roaming revenue on our networks also tends to increase in the summer period.

Our fixed-line telecommunications business is also subject to certain seasonal effects. Among the influencing factors is the number of working days in a given period, as well as periods of vacations. Generally, our revenue from our fixed-line telecommunications business is lower when there are fewer working days in a period or a greater number of customers are on vacation, such as during the December holiday season and in the summer months.

Information Technology

We devote considerable resources to the maintenance, development and improvement of our IT systems. As part of our continuous IT innovation process, we engage with third parties in order to develop and implement IT technologies across our infrastructure. In June 2016 in partnership with Ericsson, we entered into a technology infrastructure agreement which was subsequently amended in July 2017 and February 2019. Under the current agreement, which reflects a reduction in scope from the prior agreements, Ericsson will upgrade our core IT systems with new digital business support systems (DBSS) using software from Ericsson and will manage the new systems under the managed services agreement. The new Ericsson DBSS system has already been launched in three of our operations: Georgia, Algeria, and Bangladesh.

We are also in the process of implementing our cyber security strategy, which we believe will enable us to better identify potential threats that may impact our business and, consequently, may aid us in the implementation of the required security measures to address such threats.

Intellectual Property

We rely on a combination of trademarks, service marks and domain name registrations, copyright protection and contractual restrictions to establish and protect our technologies, brand name, logos, marketing designs and internet domain names. We have registered and applied to register certain trademarks and service marks in connection with our telecommunications and digital businesses in accordance with the laws of our operating companies. Our registered trademarks and service marks include our brand name, logos and certain advertising features. Our copyrights and know-how are principally in the area of computer software for service applications developed in connection with our mobile and fixed-line network platform, our internet platforms and non-connectivity service offerings and for the language and designs we use in marketing and advertising our communication services. For a discussion of the risks associated with new technology, see *Risk Factors — Operational Risks — "Our intellectual property rights are costly and difficult to protect, and we cannot guarantee that the steps we have taken to protect our intellectual property rights will be adequate"* and *— Regulatory, Compliance and Legal Risks — "New intellectual property laws or regulations may require us to invest substantial resources in compliance or may be unclear."*

Property, Plants and Equipment

Buildings

The buildings housing our offices in Amsterdam and London are leased. Our global headquarters activities are hosted in Amsterdam, and we have subleased a portion of our Amsterdam office as of February 2020. Our London office at 15 Bonhill Street has been fully subleased since January 2019, and our London-based staff now utilize a space located at 13 Hannover Square, London W1S 1HN. Our subsidiaries, including those in Russia, Pakistan, and Ukraine, both own and lease property used for a variety of functions, including administrative offices, technical centers, data centers, warehouses, operating facilities, main switches for our networks and IT centers. We also own office buildings in some of our regional license areas and lease space on an as-needed basis.

Telecommunications Equipment and Operations

The primary elements of our material tangible fixed assets are our networks.

Mobile network infrastructure

Our mobile networks, which use mainly Ericsson, ZTE, Huawei, Nokia, and Cisco equipment, are integrated wireless networks of radio base station equipment, circuit and packet core equipment and digital wireless switches connected by fixed microwave transmission links, fiber optic cable links and leased lines. We have been centralizing strategic procurement to benefit from our purchasing scale. We select suppliers based mainly on compliance with technical and functional requirements and total cost.

We enter into agreements for the location of base stations in the form of either leases or cooperation agreements that provide us with the use of certain spaces for our base stations and equipment. Under these leases or cooperation agreements, we typically have the right to use such property to place our towers and equipment shelters. We are also party to certain network managed services agreements to maintain our networks and infrastructure. For example, in Russia we have entered into agreements with Nokia and Huawei, covering managed services across Russia for optimized network planning, consolidation of outsourced managed services, network building, operations, support and maintenance.

We also enter into agreements with other operators for radio network sharing, where we either share the passive equipment, physical site and towers or combine the operation of the radio equipment with other operators. Network sharing brings not only substantial savings on site rentals and maintenance costs but also on investments in equipment for the rollout of new base stations. In Russia, we have agreements with MTS and MegaFon in different regions and for different technology combinations, respectively.

Fixed-lined infrastructure

Our infrastructure in Russia, Pakistan, Ukraine, Uzbekistan, Armenia and Kazakhstan, where we provide fixed-line services, supports our mobile businesses as well as our fixed-line businesses. Our infrastructure in these markets include: a transport network designed and continually developed to carry voice, data and internet traffic of mobile network, FTTB and our fixed-line customers using fiber optics and microwave links; and a transport network based on our optical cable network utilizing DWDM, SDH and IP/MPLS equipment with all DWDM and SDH optical networks being fully ring-protected (except for secondary towns).

For more information on our property, plants and equipment, see *Note 12 — Property and Equipment* to our Audited Consolidated Financial Statements.

Corporate Social Responsibility

The Group Chief Strategy Officer oversees the corporate responsibility program and function, and the corporate responsibility team confers with our management in connection with executing its duties.

We have a long-term corporate responsibility strategy, consisting of two main elements: maintaining the trust of our stakeholders by behaving in a responsible and sustainable manner, reflected in our “license to operate” initiatives, and by creating shared value in our communities through our products and services, reflected in our “license to grow” initiatives. We are committed to investing in the markets in which we operate and continue to seek opportunities to leverage our technology, commercial expertise and the commitment of our employees for the betterment of our communities.

Our group annual sustainability report meets Global Reporting Initiative standards at the “core” level, follows the guidance in the AA1000 Accountability Principles Standard and is influenced by International Integrated Reporting Council guidance.

The annual sustainability report has obtained a “reasonable” level of assurance in various “subject matters” to meet the requirements of the International Standard on Assurance Engagements (ISAE) 3000 (revised). For the AA1000 Principles, our assurance

engagement was planned and performed to meet the requirements of a Type 1 “moderate level” of assurance as defined by AA1000 Assurance Standard (AA1000AS) 2008.

As part of our reporting cycle, we assess the effectiveness of our corporate responsibility strategy and revise it when needed.

Our approach to the identification, management and evaluation of corporate responsibility is guided by three main principles:

- Stakeholders: By engaging with our stakeholders, we understand their concerns and expectations, and we follow a number of stakeholder-defined standards and guidelines;
- Materiality: Using pre-defined criteria, we prioritize by assessing individual opportunities against our strategy and their importance to our stakeholders; and
- Accountability: We are accountable to our stakeholders through the publication of our annual Sustainability Report. We also share periodic updates with internal stakeholders, including members of management, to inform them about key corporate responsibility-related developments and our corporate responsibility performance.

In November 2019, we were recognized as among the most transparent companies in the Netherlands by the Dutch Transparency Benchmark (*Transparantiebenchmark*). More than 480 of the largest companies in the Netherlands were assessed for the Dutch Transparency Benchmark by the Dutch Ministry of Economic Affairs and Climate Policy, and VEON improved its ranking from 449 in 2011 to 32 in 2019. Furthermore, among technology-focused companies in the Netherlands, VEON ranked fourth.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

As of March 1, 2020, our directors, their respective ages and positions were as follows:

Name	Age	Position
Ursula Burns	61	Chairman of Board of Directors
Guillaume Bacuvier	47	Director
Osama Bedier	44	Director
Mikhail M. Fridman	55	Director
Gennady Gazin	55	Director
Andrei Gusev	47	Director
Gunnar Holt	65	Director
Sir Julian Horn-Smith	71	Director
Robert Jan van de Kraats	59	Director
Guy Laurence	58	Director
Alexander Pertsovsky	51	Director

(1) As of March 31, 2020, Mr. Drew will be departing the Company.

(2) As of June 30, 2020, Mr. Malik will be departing the Company.

(3) As of March 31, 2020, Ms. Simmonds will be departing the Company.

The members of our current board of directors were elected at the June 18, 2019 annual general meeting of shareholders in accordance with our bye-laws and will serve until the next annual general meeting, unless any members are removed from office or their offices are vacated in accordance with our bye-laws.

On July 30, 2018, we amended and restated our bye-laws to, among other things, eliminate our two-tier board structure. As a result, we have a board of directors and a management advisory committee known as the group executive committee. The group executive committee is currently comprised of VEON Ltd.’s co-Chief Executive Officers, Deputy Chief Financial Officer, Group General Counsel, Chief Technology Officer, Chief People Officer, Chief Compliance Officer, and Chief Strategy Officer, as well as the Chief Executive Officers of each of Mobilink in Pakistan, of Kyivstar in Ukraine and of Beeline in Russia. The group executive committee is focused on the management of the business affairs of VEON Ltd. and its subsidiaries as a whole, including execution of the group’s competitive strategy, driving financial performance and overseeing and coordinating group-wide initiatives.

As of March 1, 2020, the members of our group executive committee, their respective ages and positions were as follows:

Name	Age	Position
Kaan Terzioğlu	51	Group Chief Executive Officer
Sergi Herrero	38	Group Chief Executive Officer
Murat Kirkgöz	45	Group Deputy Chief Financial Officer
Scott Dresser	52	Group General Counsel
Joshua Drew[(1)]	52	Group Chief Compliance Officer
Alex Kazbegi	57	Group Chief Strategy Officer
Yogesh Malik[(2)]	47	Group Chief Technology Officer
Jacky Simmonds[(3)]	56	Group Chief People Officer
Aamir Ibrahim	51	CEO Jazz (Pakistan)
Oleksandr Komarov	48	CEO Kyivstar (Ukraine)
Vasyl Latsanych[(4)]	47	CEO VimpelCom Russia (Beeline Brand)

Board of Directors

Ursula Burns has served as the Chairman of the VEON Ltd. Board of directors since July 2017 and served as CEO of the company from December 2018 until February 2020. Ms. Burns has served as Director of Exxon Mobil since 2012, and Nestlé and Uber Technologies since 2017 and previously served as a director of Xerox Corporation from 2007 to 2017, as Chairman of its Board of Directors from 2010-2017 and as its Chief Executive Officer from 2009 to 2016, respectively. Ms. Burns was appointed by U.S. President Barack Obama to help lead the White House national program on Science, Technology, Engineering and Math (STEM) from 2009 to 2016. Ms. Burns also served as chair of the President's Export Council from 2015 to 2016 as well as vice chair from 2010 to 2015. She also provides leadership counsel to several other community, educational and non-profit organizations including the Ford Foundation, the Massachusetts Institute of Technology (MIT) Corporation, Cornell Tech Board of Overseers and the New York City Ballet among others. Ms. Burns is a member of the National Academy of Engineers and the American Academy of Arts and Sciences. Ms. Burns holds a master's degree in mechanical engineering from Columbia University and a bachelor's degree in mechanical engineering from Polytechnic Institute of New York University.

Guillaume Bacuvier has been a director of VEON Ltd. since July 2018. Mr. Bacuvier is serving as the chairman of VEON Ltd.'s compensation committee and as a member of its digital and innovation committee. Mr. Bacuvier has served as the Chief Executive Officer of Dunnhumby Limited, a global provider of customer data science, since 2017. From 2007 to 2017, Mr. Bacuvier held a number of senior positions at Google: Vice President of Advertising Solutions, EMEA (2015-2017); Managing Director, Products, Solutions & Innovations, Southern & Eastern Europe, Middle East & Africa (2011-2014); Director of Mobile Sales & Operations, Southern & Eastern Europe, Middle East and Africa (2010-2011); Head of Global Key Accounts, Technology (2007-2010); and Head of Industry Marketing, Technology EMEA (2006). Prior to Google, Mr. Bacuvier was with global mobile telecommunications provider Orange from 2005 to 2006 and with technology strategy consulting firm Booz Allen Hamilton from 1998 to 2005. Mr. Bacuvier holds an M.B.A from INSEAD-Europe Campus, a master's degree in telecommunications from Telecom ParisTech and a bachelor's degree from École Polytechnique de Paris.

Osama Bedier has been a director of VEON Ltd. since July 2018. Mr. Bedier is a member of VEON Ltd.'s digital and innovation committee. Mr. Bedier is the founder and Chief Executive Officer of Poynt, which develops and markets a credit card processing terminal for small businesses. Mr. Bedier also serves on the Boards of QIWI, WePay and PayRange. Prior to founding Poynt, Mr. Bedier served as the Vice President of Payments at Google from 2011 to 2013, where he created Google Wallet. Prior to Google, Mr. Bedier spent nine years running product and engineering at PayPal. He has also held engineering leadership roles at eBay, Gateway Computers and AT&T Wireless. Mr. Bedier holds a bachelor's degree in computer science from University of California, Riverside.

Mikhail M. Fridman has been a director of VEON Ltd. since April 2010. Mr. Fridman was a member of the board of directors of OJSC VimpelCom from July 2001 until April 2010. He currently serves as the Chairman of the Supervisory Board of the Alfa Group Consortium and a member of the board of directors of JSC Alfa-Bank since 1994, ABH Holdings S.A. since 2015, LetterOne Holdings SA since 2013, LetterOne Investment Holdings SA since 2015 and LetterOne Core Investments SARL since 2019. Mr. Fridman also has served as a member of the Supervisory Board of X5 RETAIL GROUP N.V. since 2006. He is a member of the Public Chamber of the Russian Federation. From 1986 until 1988, Mr. Fridman served as an engineer at Elektrostal Metallurgical Works. Mr. Fridman graduated with honors from the Faculty of Non-Ferrous Metals of the Moscow Institute of Steel and Alloys in 1986 and in 1989, together with his partners, founded the Alfa Group Consortium.

Gennady Gazin has served as a director of VEON Ltd. since June 2015, and served as an alternate director of VEON Ltd. from October 2014 until his appointment as a director. Mr. Gazin is serving as chairman of VEON Ltd.'s nominating and corporate governance committee and as a member of its audit and risk committee and its finance committee. He served as chairman of its special committee overseeing the internal investigation and the company's response to the inquiries by various authorities until its

dissolution on August 3, 2016. Mr. Gazin has served as an Affiliate Partner at Lindsay Goldberg, a New York based private equity firm, since 2015; Chairman of the Board at Genesis Philanthropy Group since 2014; and a member of the advisory board of LetterOne Technology LLP since 2015 and DVO Private Equity since 2018. From 2007 to 2012, Mr. Gazin served as CEO of EastOne, an international investment advisory group. Prior to EastOne, Mr. Gazin worked at McKinsey & Company's New York and Moscow offices for 14 years, during which time he was an active member of the Telecommunications practice and also served as the Senior Partner responsible for McKinsey's CIS practice. Mr. Gazin started his professional career as a systems and telecommunications engineer at Bell Communications Research/Tellcordia and General Dynamics in the USA. Mr. Gazin received a bachelor's degree in Electrical Engineering from Cornell University in 1987, a master's degree in Electrical Engineering from Stanford University in 1988 and an M.B.A. from the Wharton School of Business at the University of Pennsylvania in 1993.

Andrei Gusev has been a director of VEON Ltd. since April 2014. Mr. Gusev is serving as chairman of VEON Ltd.'s finance committee and as a member of its nominating and corporate governance committee. Mr. Gusev is a senior partner at LetterOne Technology (UK) LLP, joining in 2014, and was a managing director at Altimo from 2013 to 2014. Mr. Gusev was Chief Executive Officer of X5 Retail Group N.V. from 2011 to 2012 and prior to that, from 2006 to 2010, served as its Director of Business Development and M&A. From 2001 to 2005, Mr. Gusev served as Managing Director of the Alfa Group with overall responsibility for investment planning. Prior to that, Mr. Gusev worked at Bain & Company and Deloitte Consulting. Mr. Gusev received an M.B.A. from the Wharton School at the University of Pennsylvania in 2000 and a diploma with honors from the Department of Applied Mathematics and Computer Science at Lomonosov Moscow State University in 1994.

Gunnar Holt has been a director of VEON Ltd. since June 2015. Mr. Holt is serving as a member of VEON Ltd.'s audit and risk committee, finance committee and compensation committee. Mr. Holt was a Senior Advisor at Telenor ASA from 2006 to 2017 and previously served as Group Finance Director. From 1995 to 1999, he worked at Aker ASA and Aker RGI ASA, serving as Executive Vice President and CFO. From 1986 to 1995, he held various leadership positions in the Aker Group, including Deputy President of Norwegian Contractors AS, Executive Vice President and Chief Financial Officer of Aker Oil and Gas Technology AS, President of Aker Eiendom AS, and Finance and Accounting Director of Aker Norcem AS. From 1978 to 1986, he served as Executive Officer and Special Advisor in the Norwegian Ministry of Petroleum and Energy. Mr. Holt holds a Doctor of Business Administration degree and Advanced Postgraduate Diploma in Management Consultancy from Henley Management College, Brunel University, in the United Kingdom; an M.B.A. from the University of Queensland in Australia, and an M.B.A. in finance from the University of Wisconsin. He also received a Diplomøkonom from The Norwegian School of Management. Mr. Holt has served on a number of corporate boards.

Sir Julian Horn-Smith has been a director of VEON Ltd. since July 2014. Sir Julian is a member of VEON Ltd.'s nominating and corporate governance committee. Sir Julian served as a member of VEON Ltd.'s special committee overseeing the internal investigation and the company's response to the inquiries by various authorities until its dissolution on August 3, 2016. Sir Julian is active in the global telecommunications sector as a Senior Advisor to UBS Investment Bank, in London and Senior Advisor to CVC (Telecoms and Media). He also serves as an advisor to LetterOne. Sir Julian previously served as Senior Advisor to the Etisalat Group board from 2011 to 2014. Sir Julian was a member of the founding management team of Vodafone Group Plc. He retired from Vodafone in July 2006, where he held a number of senior positions, including Deputy Chief Executive Officer and member of the board. He currently serves as a member of the board of Digicel, a Caribbean and Pacific operator. Sir Julian is also Chairman of eBuilder, based in Sweden. He is a Pro Chancellor at Bath University and chairs the University's School of Management Advisory Board. He is the Founder and Co-Chair of The TATLIDiL Conference (British and Turkish Conference). During his career in international telecommunications, Sir Julian has served as Chair of both the Mannesmann Supervisory and Management boards, as well as a Director on a number of company boards, including Lloyds Banking Group plc, Smiths Group, China Mobile, eAccess in Japan, De la Rue plc, Verizon Wireless and SFR in France. Sir Julian earned a Bachelor of Science in economics from University of London in 1970 and a Master of Science from University of Bath in the United Kingdom in 1979.

Mr. Robert Jan van de Kraats RA (Chartered Accountant) has been a director of VEON Ltd. since July 2018. He has serves as the chairman of VEON Ltd.'s audit and risk committee. He was appointed as Chairman of the Board of TMF Group, a global provider of payroll, accounting, corporate secretarial and alternative investment services earlier this year. He has served as a non-executive director / supervisory board director with Royal Schiphol NV, an aviation company majority held by the Dutch state, since 2015 and OCI NV, a fertilizer and chemicals company, since 2014. In addition, he has served as an advisor to the Dutch Authority for the Financial Markets (AFM) and privately held retailer SuitSupply. He previously served as the Chief Financial Officer and a member of the Executive Board of Randstad Holding NV from 2001 to 2018, serving as the Vice Chairman of the Executive Board from 2006 to 2018, and was responsible for finance, information technology, shared service centers, merger and investor relations business functions. During his tenure at Randstad he also served as COO and was operationally responsible for businesses located in Japan, India, China, Nordics, Argentina and Chile. He also previously served as a member of the Commission on Dutch Corporate Governance from 2013 to 2017, which designed a new corporate governance code for the Netherlands. He was a member of the supervisory boards of bank and insurance provider SNS Reaal from 2006 to 2013, financial services provider SRLEV NV, and information and telecommunication services provider Ordina NV from 2004 to 2012. In addition, he served on the management board of Dutch credit insurance company NCM Holding NV (now Atradius) from 1999 to 2001 as Chief Financial Officer and Chief Operating Officer for a business line. He began his career in 1979 with Deloitte Dijker van Dien (now part of PwC). In 2007, he founded the Barcode for Life Foundation, an organization that supports research into DNA analysis in order to improve treatment of cancer.

Guy Laurence has been a director of VEON Ltd. since July 2017. Mr. Laurence is serving as the chairman of VEON Ltd.'s digital and innovation committee. Mr. Laurence brings more than 30 years of global experience in telecommunications, media and pay television. Mr. Laurence was previously CEO at Rogers, a CDN$14bn telecoms and media group in Canada, and prior to that

he worked at Vodafone for thirteen years holding several senior positions including CEO of Vodafone UK, operating in one of the most competitive and mature communications markets in the world, and CEO of Vodafone Netherlands. Mr. Laurence holds a number of directorships, including of Vodafone UK Ltd., Maple Leaf Sports & Entertainment, Chelsea FC plc and Chelsea Football Club Ltd.

Alexander Pertsovsky has been a director of VEON Ltd. since July 2018. Mr. Pertsovsky is serving as a member of VEON Ltd.'s compensation committee. Mr. Pertsovsky joined LetterOne Technology in London on 1 January 2018 from Bank of America Merrill Lynch. At Bank of America Merrill Lynch, Mr. Pertsovsky served as the Country Executive for Russia & CIS since February 2013. Prior to that, Mr. Pertsovsky was at Renaissance Capital, which he joined in 2002 and oversaw the institutional securities business and our activities in Russia. He became Chief Executive Officer of Renaissance Capital in 2007. Mr. Pertsovsky holds an MS degree in Applied Mathematics from the Moscow Institute of Radio, Engineering and Automation. He also received an M.B.A. from Columbia University in 2002.

Group executive committee

Kaan Terzioğlu has served as Group co-Chief Executive Officer since March 2020. Previously, he served as a joint Chief Operating Officer of VEON Ltd. since November 2019, and as a member of the VEON Ltd. Board of Directors from June 2019 until November 2019. Mr. Terzioğlu was Turkcell's Chief Executive Officer from April 2015 until March 2019. Mr. Terzioğlu is the recipient of the 2019 Outstanding Contribution Award to Mobile Industry in Turkey. He has served as a member of the Board of Directors of Digicel, a Caribbean and Pacific telecommunications operator, since July 2019, and is currently on the board of the GSMA Foundation focusing on "Mobile Communications for Development". He served on the GMSA board, the leading international mobile communication organization, for three consecutive terms and on the advisory board of the World Economic Forum Center for Fourth Industrial Revolution. Mr. Terzioğlu also served as a board member for "Turkey's Car" Initiative and was the chairman of the Mobile Telecommunications Operators Association (m-TOD). From 2012 to 2015, Mr. Terzioğlu served as a member of the board of directors at Akbank, Aksigorta A.Ş., Teknosa Iç ve Diş Ticaret A.Ş. and Carrefoura A.Ş. From 1999 to 2012, he held global managerial roles at Cisco offices located in Brussels, London and San Jose. Mr. Terzioğlu began his professional life at Arthur Andersen Turkey, and later undertook several roles on information technologies at Arthur Andersen in the United States, Belgium and Turkey. Mr. Terzioğlu graduated from the Department of Business Administration at Boğaziçi University.

Sergi Herrero has served as Group co-Chief Executive Officer since March 2020. Previously he served as Chief Operating Officer of VEON Ventures since September 2019. Prior to joining VEON, Mr. Herrero was Facebook's Global Director of Payments and Commerce Partnerships where he has overseen the launch and growth of payment and commerce capabilities for Messenger, WhatsApp and Instagram. He also led the deployment of Charitable Giving, the scaling and optimization of the Facebook Ads payments business and drove the expansion of the platform's global marketplace. Before joining Facebook in 2014, he held several senior roles in technology, banking and consulting. Mr. Herrero holds Spanish nationality and was awarded a MSc in Telecommunications Management from Spain's Ramon Llull University, in addition to an earlier undergraduate degree in Electrical Engineering.

Murat Kirkgöz has served as Group Deputy Chief Financial Officer since July 2019. He joined VEON in December 2016 as Chief Financial Officer Eurasia. Prior to joining VEON, he served as Group CFO in Turk Telekom between 2012 to 2016, where he held a leading role in its business transformation becoming the largest integrated telecom operator in Turkey. He has 18 years of finance and telecom experience under various roles in several telecom operators (Aria, Avea, Oger Telecom, TurkTelekom). Murat holds a BS degree in Mechanical engineering from Bogazici University in Turkey.

Scott Dresser has served as VEON's General Counsel since September 2014. Prior to joining VEON, Mr. Dresser was most recently Vice President of Global Strategic Initiatives at BirdLife International, a global conservation organization. Between 2006 and 2012, Mr. Dresser was with Virgin Media in the UK, including serving as General Counsel, where he led its legal department and acted as principal liaison with Virgin Media's Board of Directors, as well as being a member of its Executive Management Team. He also previously held positions in the United States at White Mountains RE Group (which is the operating company of White Mountains Insurance Group Ltd), in the role of Senior Vice President and Associate General Counsel from 2005 to 2006. From 2002 to 2005, he served as Senior Advisor for Legal and Financial Affairs for the International Global Conservation Fund (an international environmental conservation organization), and prior to that, he held positions at Morgan, Lewis & Bockius LLP and at Lord Day & Lord, Barrett Smith. Mr. Dresser studied at the Vanderbilt University School of Law and University of New Hampshire, and was admitted to the Bar, in New York and Connecticut, in 1993. Mr. Dresser is on the advisory board of BirdLife International.

Joshua Drew has been VEON's Group Chief Compliance Officer since October 2017. Mr. Drew joined VEON in July 2016 as Associate General Counsel and was appointed Acting Group Chief Compliance Officer in March 2017. In his role as VEON's Group Chief Compliance Officer, Mr. Drew is responsible for leading a team of compliance professionals across all of VEON's operating markets to establish and implement an effective compliance program, while also advising senior management and the VEON board on core compliance, risk and governance issues. Prior to joining VEON, Mr. Drew was Vice President and Associate General Counsel for over five years at Hewlett-Packard Enterprise and Hewlett-Packard, with responsibility for investigations and anti-corruption compliance. Mr. Drew also previously served as a prosecutor with the U.S. Department of Justice for ten years. Mr. Drew has a B.A. from Wesleyan University and a J.D. from Northwestern University School of Law.

Alex Kazbegi was appointed as Chief Strategy Officer of VEON in February 2019. Prior to joining VEON, Mr. Kazbegi was Head of Research and an equity analyst for Renaissance Capital from 2002. From 1995 to 2002, Mr. Kazbegi was an equity

research analyst for Salomon Brothers. Mr. Kazbegi received an MA from Tbilisi State University, Physics Faculty in 1984, and a PhD in Physics from Tbilisi State University (in a joint degree program with Moscow State University) in 1993. Mr. Kazbegi obtained an MBA from Tulane University in 1995.

Oleksandr Komarov has served as CEO of Kyivstar in Ukraine since December 2018, previously serving as interim CEO of Kyivstar from July 2018 to December 2018. In addition, Mr. Komarov served as CEO of Beeline Kazakhstan from January 2016 to January 2019 and as the Chief Commercial Officer of Beeline Kazakhstan from July 2013 until 2016. Previously, Mr. Komarov served as the Chief Executive Officer of GroupM from 2007 to 2013, Acting Chief Executive Officer of MediaCom from 2009 to 2010, the Chief Executive Officer of Video International Advertising Group Kiev from 2006 to 2007 and the Chief Executive Officer of Adell Saatchi & Saatchi from 2004 to 2006. Mr. Komarov received an Executive M.B.A. from the Stockholm School of Economics in 2006 as well as a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing in 2001.

Aamir Hafeez Ibrahim has been the Chief Executive Officer of our operations in Pakistan since July 2016. Prior to his position as CEO, Mr. Ibrahim was Mobilink's Deputy CEO and Chief Commercial Officer. Mr. Ibrahim has over two decades of international experience as a senior executive across multiple industries and continents. Prior to joining Mobilink, he was the Senior Vice President for Telenor Group, where he led distribution initiatives across Asia. Mr. Ibrahim has also held senior leadership positions at Ford Motor Company, Jaguar & Land Rover. Mr. Ibrahim has extensive experience specifically in strategic marketing, sales and distribution, analytics, product development, government and regulatory management, business planning, M&A, public relations and crisis management. Mr. Ibrahim has an undergraduate degree in Accounting from the University of Texas and an MBA from IMD in Switzerland. In 2012, he received an Advanced Management Program diploma from Harvard Business School. Mr. Ibrahim has lived and worked across multiple cultures and countries including Thailand, Pakistan, the United Kingdom, the United Arab Emirates, Switzerland and the United States.

Vasyl Latsanych has served as Chief Executive Officer of PJSC VimpelCom since January 2018. Mr. Latsanych came to VEON from the MTS Group, where he held a number of senior roles, the most recent being Group Vice President for Strategy and Marketing. Mr. Latsanych also served on the board of directors of Sitronics Kasu, NVision Group, Medsi, SMM and several other MTS subsidiaries. Mr. Latsanych graduated from Lviv State Lysenko Institute in 1995, and received an Executive M.B.A. from the London Business School in 2013.

Yogesh Malik has served as the Group Chief Technology Officer of VEON since March 2014. Yogesh joined from Uninor, an Indian mobile network operator, where he was its Chief Executive Officer. Before becoming CEO at Uninor, he held a variety of senior positions including as Chief Operating Officer, covering the areas of Technology, Regulatory and Customer care. Yogesh has also held the positions of CTO with Grameenphone in Bangladesh, CTO with Kyivstar in Ukraine and as Head of Technology & Sourcing at Group level with Telenor. He has also worked for TIW, Tata/AT&T and Ericsson in the Czech Republic, Brazil, China and Canada in various senior positions. He holds an engineering degree in electronics from MSU University Baroda and is an Executive MBA graduate of IMD in Lausanne, Switzerland.

Jacky Simmonds was appointed as VEON's Group Chief People Officer in October 2017. Ms. Simmonds has experience across a number of sectors including travel, tourism and aviation in over 25 years working as an HR Executive, bringing particular expertise in leading significant transformations of organizations to become more digitally enabled businesses. Ms. Simmonds is regularly featured in the annual list of the top ten Most Influential HR Practitioners in the United Kingdom. Ms. Simmonds is responsible for managing and leveraging the talent and experience across VEON's operating markets as well as developing a strategy to build a world-class HR function across the group. Prior to joining VEON, Ms. Simmonds was Group People Director at easyJet plc where she focused on organizational change, updating the ways of working, employee engagement and talent development. She played a crucial role in helping it shape itself for further growth and scale in Europe. Before joining easyJet plc, Ms. Simmonds was Group HR Director at TUI Group for over five years. Ms. Simmonds is also a Non-Executive Director at Ferguson Plc, where she chairs the Remuneration Committee, and is a member of the Nominations and Audit Committee.

Compensation

We paid our directors and senior managers an aggregate amount of approximately US$51 million for services provided during 2019, related to short-term employee benefits. For more information regarding our director and senior management compensation, including a description of applicable stock based and cash based plans, see *Note 21 — Related Parties* to our Audited Consolidated Financial Statements.

Pursuant to our bye-laws, we indemnify and hold harmless our directors and senior managers from and against all actions, costs, charges, liabilities, losses, damages and expenses in connection with any act done, concurred in or omitted in the execution of our business, or their duty, or supposed duty, or in their respective offices or trusts, to the extent authorized by law. We may also advance moneys to our directors and officers for costs, charges and expenses incurred by any of them in defending any civil or criminal proceedings. The foregoing indemnity will not apply (and any funds advanced will be required to be repaid) with respect to a director or officer if any allegation of fraud or dishonesty is proved against such director or officer. We have also entered into separate indemnification agreements with our directors and senior managers pursuant to which we have agreed to indemnify each of them within substantially the same scope as provided in the bye-laws.

We have obtained insurance on behalf of our senior managers and directors for liability arising out of their actions in their capacity as a senior manager or director.

We do not have any pension, retirement or similar benefit plans available to our directors or senior managers.

Board Practices

VEON Ltd. is governed by our board of directors, currently consisting of eleven directors. Our bye-laws provide that our board of directors consists of at least seven and no more than thirteen directors, as determined by the board of directors and subject to approval by a majority of the shareholders voting in person or by proxy at a general meeting. We have not entered into any service contracts with any of our current directors providing for benefits upon termination of service.

The board of directors has delegated to the co-CEOs the power to manage the business and affairs of the company, subject to certain material business decisions reserved for the board of directors or shareholders. The co-CEOs and their leadership team manage and operate the company on a day-to-day basis. The board of directors may appoint such other senior executives as the board may determine.

In the composition of our board of directors and senior executives, we are committed to diversity of nationality, age, education, gender and professional background.

Committees of the Board of Directors

The committees of our board of directors consist of: an audit and risk committee, a compensation committee, a finance committee, a nominating and corporate governance committee and a digital and innovation committee.

Audit and risk committee

The charter of our audit and risk committee provides that each committee member is required to satisfy the requirements of Rule 10A-3 under the Exchange Act and the rules and regulations thereunder as in effect from time to time. The audit and risk committee is primarily responsible for the following: the integrity of the company's financial statements and its financial reporting to any governmental or regulatory body and the public; the company's audit process; the qualifications, engagement, compensation, independence and performance of the company's independent auditors, their conduct of the annual audit of the company's financial statements and their engagement to provide any other services; VEON Ltd.'s process for monitoring compliance with legal and regulatory requirements as well as the company's corporate compliance codes and related guidelines, including the Code of Conduct; the company's systems of enterprise risk management and internal controls; and the company's compliance program. The current members of our audit and risk committee, Robert Jan van de Kraats (chairman), Gennady Gazin and Gunnar Holt, are expected to serve until our next annual general meeting.

Compensation committee

Our compensation committee is responsible for assisting and advising the board of directors in discharging its responsibilities with respect to overseeing the performance, selection and compensation of the CEO and all other individuals whose appointment, reappointment or early termination of employment require Board approval under the company's bye-laws (including the members of the company's group executive committee and the chief executive officers of the company's significant operating subsidiaries). Our compensation committee also has overall responsibility for approving and evaluating company's director, executive and employee compensation and benefit plans. The committee advises the board of directors in relation to the company's overall culture and values program, including by periodically assessing the substance and effectiveness of the program and considering overall employee feedback and other measurements of effectiveness. In addition, the committee periodically evaluates the compensation of directors of the company (including the annual board retainer fee, any equity-related compensation or incentive plan participation and fees for service on the committees of the board of directors), taking into account the competitive landscape, the compensation of directors at other comparable companies and recommendations regarding best practices. The committee formulates recommendations to the board of directors regarding such director compensation and any adjustments in compensation and/or incentives that the committee considers appropriate. Such recommendations are reviewed by the nominating and corporate governance committee of the board of directors, and both committees jointly deliver to the board such recommendations for consideration and approval. The current members of our compensation committee, Guillaume Bacuvier (chairman), Gunnar Holt and Alexander Pertsovsky, are expected to serve until our next annual general meeting.

Finance committee

Our finance committee is responsible for assisting and advising the board of directors in discharging its responsibilities with respect to its oversight of the business plan of the company, management of the capital structure of the company and its subsidiaries and the execution of certain material transactions. In doing so, the committee reviews with company management and gives advice or makes recommendations to the board of directors in relation to mergers and acquisitions transactions and divestitures, financing transactions, the incurrence of indebtedness, finance policies, dividends, material litigation, arbitration or other proceedings, and certain material and outside of the ordinary course business contracts. The current members of our finance committee, Andrei Gusev (chairman), Gennady Gazin and Gunnar Holt, are expected to serve until our next annual general meeting.

Nominating and corporate governance committee

Our nominating and corporate governance committee is responsible for identifying and recommending to the board individuals qualified to serve as members of the board of directors, making recommendations to the board of directors concerning committee structure, membership and operations, developing, advising the board of directors on the adoption of and periodically reviewing a set of corporate governance practices applicable to the conduct of the company's business, and periodically conducting an evaluation of the board of directors and its committees. In addition, the committee reviews recommendations of the compensation committee of the board of directors regarding adjustments in director compensation, and both committees jointly deliver to the board of directors such recommendations for consideration and approval. The current members of our nominating and corporate governance committee, Gennady Gazin (chairman), Andrei Gusev and Sir Julian Horn-Smith, are expected to serve until our next annual general meeting.

Digital and innovation committee

Our digital and innovation committee is responsible for advising on, and overseeing, the development of the Company's digital strategy and digital initiatives. The current members of our digital and innovation committee, Guy Laurence (chairman), Guillaume Bacuvier and Osama Bedier, are expected to serve until our next annual general meeting.

Employees

The following chart sets forth the number of our employees as of December 31, 2019, 2018 and 2017, respectively:

	As of December 31,		
	2019	**2018**	**2017**
Russia	28,003	28,570	22,031
Pakistan	4,325	4,424	4,175
Algeria	2,781	2,866	3,193
Bangladesh	1,200	1,120	1,178
Ukraine	3,527	2,754	2,656
Uzbekistan	1,594	1,563	1,333
Kazakhstan(1)	2,142	—	—
HQ	286	507	640
Others	2,634	4,328	4,732
Total	**46,492**	**46,132**	**39,938**

(1) The number of employees in Kazakhstan for the years ended December 31, 2018 and 2017 were included in "Others." For the year ended December 31, 2019, as Kazakhstan is a reportable segment, the total number of employees in Kazakhstan is reported separately as of December 31, 2019.

From time to time, we also employ external staff, who fulfill a position at the company for a temporary period. We do not consider these employees to constitute a significant percentage of our employee totals and have not included them above.

The following chart sets forth the number of our employees as of December 31, 2019, according to geographic location and our estimates of main categories of activities:

	As of December 31, 2019						
Category of activity(1)	**Russia**	**Pakistan**	**Algeria**	**Bangladesh**	**Ukraine**	**Uzbekistan**	**Kazakhstan**
Executive and senior management	24	21	12	8	14	21	14
Engineering, construction and information technology	1,964	739	756	361	1,218	410	942
Sales, marketing and other commercial operations	17,072	2,476	1,189	586	923	382	781
Finance, administration and legal	1,999	525	377	143	440	122	194
Customer service	5,366	240	339	38	766	386	73
Procurement and logistics	664	65	72	24	87	26	47
Other support functions	914	259	36	40	79	247	91
Total	**28,003**	**4,325**	**2,781**	**1,200**	**3,527**	**1,594**	**2,142**

(1) A breakdown of employees by category of activity is not available for our HQ segment and our "Others" category.

A joint works council has been established at our Amsterdam headquarters, and it has consultation or approval rights in relation to a limited number of decisions affecting our employees working at this location. For VEON Wholesale Services BV ("VWS"), a separate works council was established and addresses management decisions that may affect the VWS workforce. The works councils may utilize legal remedies that can impact the timing of implementation of decisions at our Amsterdam headquarters or within VWS that are subject to consultation or approval by the works councils.

Our employees are represented by unions or operate collective bargaining arrangements in Armenia, Algeria, Kyrgyzstan and Ukraine. We consider relations with our employees to be generally good. In February 2016, BDCL experienced labor disruptions in connection with the implementation of our announced performance transformation program. Such disruptions have not had a significant impact on our operations. An application for the registration of a union within BDCL was rejected by the government authorities and subsequent litigation is ongoing. A consequent notification was made by UNI Global Union to the Dutch NCP and the NCP has issued a final statement. For a discussion of risks related to labor matters, see — *Other Risks — "Our business may be adversely impacted by work stoppages and other labor matters.*"

Share Ownership

To our knowledge, as of March 1, 2020 other than Mikhail Fridman, none of our directors or senior managers beneficially owned more than 1.0% of any class of our capital stock. To our knowledge, Mr. Fridman has an indirect economic benefit in our shares held for the account of L1T VIP Holdings S.à r.l. ("L1T VIP Holdings") and, thus, may be considered under the definition of "beneficial owner" for purposes of this Annual Report only, as a beneficial owner of the shares held for the account of L1T VIP Holdings. See — *Major Shareholders And Related Party Transactions — Major Shareholders*.

To our knowledge, as of March 1, 2020, Ursula Burns owned 231,353 of our ADSs.

To our knowledge, as of March 13, 2020, Kaan Terzioğlu owned 400,000 of our ADSs.

To our knowledge, as of March 1, 2020, none of the other board of director members held any Common Shares or ADSs. To our knowledge, as of March 1, 2020, none of our directors or senior managers held any options to acquire the company's common shares.

For more information regarding share ownership, including a description of applicable stock-based plans and options, see *Note 21 — Related Parties* to our Audited Consolidated Financial Statements.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets forth information with respect to the beneficial ownership of VEON Ltd. as of March 1, 2020, by each person who is known by us to beneficially own 5.0% or more of our issued and outstanding shares. As of March 1, 2020, we had 1,756,731,135 issued and outstanding common shares. None of our shareholders has different voting rights. For a discussion of certain risks associated with our major shareholders, see — *Risk Factors — Other Risks — "A disposition by our largest shareholder of its stake in VEON Ltd. or a change in control of VEON Ltd. could harm our business*."

Name	Number of VEON Ltd. Common Shares	Percent of VEON Ltd. Issued and Outstanding Shares
L1T VIP Holdings S.à r.l.(1)	840,625,001	47.85
Stichting Administratiekantoor Mobile Telecommunications Investor(2)	145,947,562	8.31

(1) As reported on Schedule 13D, Amendment No. 20, filed on September 13, 2019, by L1T VIP Holdings S.à r.l. ("L1T"), Letterone Core Investments S.à r.l. ("LCIS") and Letterone Investment Holdings S.A. ("LetterOne") with the SEC, L1T is the direct beneficial owner of 840,625,001 common shares. LCIS is the sole shareholder of L1T, and LetterOne is the sole shareholder of LCIS and, in such capacity, each of L1T, LCIS and LetterOne may be deemed to be the beneficial owner of the 840,625,001 common shares held for the account of L1T. Each of L1T, LCIS and LetterOne is a Luxembourg company, with its principal business to function as a holding company.

(2) As reported on Schedule 13G, filed on April 1, 2016, by Stichting with the SEC, Stichting is the direct beneficial owner of 145,947,562 of VEON Ltd.'s common shares. LetterOne is the holder of the depositary receipts issued by Stichting and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts and, indirectly, of the 145,947,562 common shares represented by the depositary receipts. According to the conditions of administration entered into between Stichting and LetterOne ("Conditions of Administration") in connection with the transfer of 145,947,562 ADSs from LetterOne to Stichting on March 29, 2016, Stichting has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion, in accordance with the Conditions of Administration and Stichting's articles of association. Stichting is a foundation incorporated under the laws of the Netherlands. The common shares held by Stichting represent approximately 8.31% of VEON Ltd.'s issued and outstanding shares.

Based on a review of our register of members maintained in Bermuda, as of March 1, 2020, a total of 1,228,276,403 common shares representing approximately 69.92% of VEON Ltd.'s issued and outstanding shares were held of record by BNY (Nominees) Limited in the United Kingdom as custodian of The Bank of New York Mellon for the purposes of our ADS program and a total of 512,738,378 common shares representing approximately 29.19% of VEON Ltd.'s issued and outstanding shares were held of record by Nederlands Centraal Instituut Voor Giraal Effectenverkeer B.V. and where ING Bank N.V. is acting as custodian of The Bank of New York Mellon, for the purposes of our ADS program, and a total of 15,716,354 common shares representing approximately 0.89% of VEON Ltd.'s issued and outstanding shares were held of record by Nederlands Centraal Instituut Voor Giraal Effectenverkeer B.V., for the purposes of our common shares listed and tradable on Euronext Amsterdam. As of March 1, 2020, 21 record holders of VEON Ltd.'s ADRs, holding an aggregate of 755,028,329 common shares (representing approximately 42.98% of VEON Ltd.'s issued and outstanding shares), were listed as having addresses in the United States.

Changes in Percentage Ownership by Major Shareholders

As reported on Schedule 13D, Amendment 43, filed on November 25, 2019 by Telenor East Holding II AS, Telenor Mobile Holding AS and Telenor ASA with the SEC, on November 22, 2019, Telenor East Holding sold 156,703,840 of VEON Ltd. common stock, in the form of ADSs, at a price per share of US$2.31, representing all of Telenor East Holding's remaining interest in VEON Ltd. The sale resulted in net proceeds to Telenor East Holding of approximately US$362 million. This transaction represented approximately 8.9% of the total outstanding common stock and Telenor East Holding's final exit from VEON Ltd. Please also see Schedule 13D, Amendment 38, filed on April 12, 2017 by Telenor East Holding II AS, Telenor Mobile Holding AS and Telenor ASA with the SEC, reporting a sale by Telenor East Holding II AS of 70,000,000 of ADSs in VEON Ltd. pursuant to an underwritten offering and Schedule 13D, Amendment 40, filed on September 25, 2017 by Telenor East Holding II AS, Telenor Mobile Holding AS, and Telenor ASA with the SEC, reporting a sale by Telenor East Holding II AS of 90,000,000 ADSs in VEON Ltd. pursuant to an underwritten offering.

Related Party Transactions

In addition to the transactions described below, VEON Ltd. has also entered into transactions with related parties as part of the ordinary course of business. These mainly relate to ordinary course telecommunications operations, such as interconnection, roaming, retail and management advisory services. Their terms vary according to the nature of the services provided thereunder. VEON Ltd. and certain of its subsidiaries may, from time to time, also enter into general services agreements relating to the conduct of business and financing transactions within the VEON group.

For more information on our related party transactions, see *Note 21 — Related Parties* to our Audited Consolidated Financial Statements.

Registration Rights Agreements

The Registration Rights Agreement, as amended, between VEON Ltd., Telenor East and certain of its affiliates, Altimo Holdings & Investments Ltd. and Altimo Coöperatief U.A. requires us to use our best efforts to effect a registration under the Securities Act, if requested by one of the shareholders party to the Registration Rights Agreement, of our securities held by such party in order to facilitate the sale and distribution of such securities. Pursuant to the Registration Rights Agreement, we have filed a registration statement on Form F-3 with the SEC using a "shelf" registration process.

Separately, in connection with the issuance of US$1,000,000,000 in aggregate principal amount of 0.25% exchangeable bonds due 2019, exchangeable for VEON Ltd. ADSs (the "Telenor Exchangeable Bond") by Telenor East Holding II AS, VEON Ltd. entered into a registration rights agreement, dated September 21, 2016 (the "New Registration Rights Agreement") for the benefit of holders of the Telenor Exchangeable Bonds. Following Telenor's divestment of its interest in VEON Ltd. ADSs in November 2019, the New Registration Rights Agreement is no longer effective.

Major Shareholders and their Affiliates

LetterOne

From December 2010 until March 2018, VEON Ltd. was a party to a General Services Agreement with L1HS Corporate Advisor Limited, part of the LetterOne Group, under which L1HS Corporate Advisor Limited rendered to VEON Ltd. and its affiliates services related to telecommunications operations, including management advisory services, training, technical assistance and network maintenance, industry information research and consulting, implementation support for special projects and other services as mutually agreed by L1HS Corporate Advisor Limited and VEON Ltd. VEON Ltd. paid L1HS Corporate Advisor Limited annually US$1.5 million for the services. The agreement was terminated on December 12, 2017 with effect from March 12, 2018.

From August 2013 until March 2018, VEON was also party to a Consultancy Deed with L1HS Corporate Advisor Limited, under which L1HS Corporate Advisor Limited provided additional consultancy services to VEON Ltd. for which VEON Ltd. paid US $3.5 million annually. The agreement was terminated on December 12, 2017 with effect from March 12, 2018.

Board of Directors

Compensation paid to the board of directors is disclosed in — *Directors and Senior Management — Compensation*.

In March 2020, VimpelCom Holdings B.V., an indirect wholly-owned subsidiary of VEON Ltd., increased the size of its existing facility with JSC Alfa-Bank to RUB 30 billion (US$468 million as of December 18, 2019). The outstanding amount under the facility, originally entered into in 2017, was RUB 17.5 billion (US$ 304 million) as of December 31, 2017, RUB 17.5 billion (US $252 million) as of December 31, 2018, and RUB 17.5 billion (US$283 million) as of December 31, 2019.

During 2019 and through the date of this Annual Report, none of our board of directors have been involved in any related party transactions with us.

HOW WE MANAGE RISKS

Risk management

VEON has adopted relevant criteria from the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and Enterprise Risk Management (ERM) – Integrated Framework (2017) as the foundation for our enterprise risk management approach. Through VEON's ERM framework, our management aims to identify, assess, adequately manage, monitor, and report risks that could jeopardise the achievement of our strategic objectives. A unified and consistent ERM framework is used throughout the organisation.

Strengthening Our Risk Culture: Three Lines of Defence

The "Three Lines of Defence" approach provides a simple and effective way to enhance communications around risk management and control by clarifying roles and responsibilities. VEON has adopted this model to provide reasonable assurance that risks to achieving important objectives are identified and mitigated.

VEON recognises that the first line of defence consists of the business functions who own and are responsible and accountable for directly assessing, controlling and mitigating risks. Since 2016, targeted communication campaigns have been launched globally to foster risk and control awareness across the Group. During 2019, an awareness campaign using sport, games and the idea of teamwork to highlight the importance of every individual's contribution to effective risk management and a strong control environment was launched to reinforce accountability and ownership for risk management and the internal control environment.

As part of this initiative, over 3,000 employees were invited to take a non-mandatory e-learning campaign, including all local control & risk owners, all assurance functions and senior business leaders. As of 31st December 2019, 69% of these employees (2164 out of the 3137 invited) have completed the training. As a next step, this training will be added to the onboarding materials of any new employee.

The second line of defence monitors and facilitates the implementation of risk management practices by the first line. The second line comprises Group Internal Control, Group Enterprise Risk Management, Group Ethics & Compliance, Group Legal, Group Revenue Assurance and Fraud Management and Group Cybersecurity.

The Group Internal Audit team comprises the third line of defence and is responsible for providing independent assurance to senior management on the effectiveness of first and second lines of defence. VEON's internal audit function assesses, in line with Dutch Corporate Governance requirements, the design and effectiveness of the Internal Risk Management and Control Systems and provides assurance to both the Board of Management and the Audit and Risk Committee of the Board of Directors. The function also conducts ad hoc financial, information technology, strategic and operational audits and special investigations. Internal Audit conducts its activities in a manner based on a continuous evaluation of perceived business risks.

Defining Our Risk Appetite

In line with the COSO Framework, the VEON ERM Framework categorises risk into four risk categories: Strategic; Operational; Financial and Legal; and Compliance and Regulatory. Our risk appetite is defined for each of the four risk categories by considering our business objectives, as well as potential threats to achieving these. On an annual basis, for each category of risk the Group Executive Committee, Audit Committee and Board of Directors define the risk appetite statements, which are then integrated into the business through our global policies and procedures.

Financial

VEON will maintain strong financial discipline, ensuring that the financial targets (business plans, budgets, business cases and capital allocation commitments) are achieved. Consequently, VEON will maintain sufficient liquidity for its operating, investing, financing and dividend commitments while not breaching its financial covenants.

Compliance

VEON will not compromise its integrity or the values of the Group in achieving these goals. VEON is committed to full compliance with the laws and regulations applicable to its business. VEON has zero tolerance for any activities or conduct that would violate relevant anti-bribery and corruption, fraud, anti-money laundering (including terrorist financing), sanctions, competition or data privacy laws.

Operational

VEON is committed to ensuring that the confidentiality, integrity and availability of its data and services is in accordance with the customer expectations, regulatory requirements. VEON has a low appetite for losing continuity of business operations resulting from unreliable technology or system availability.

Strategic

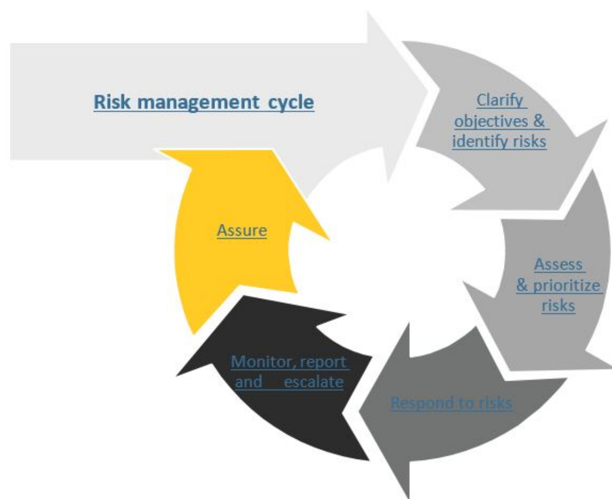
VEON will strive to create shareholder value through sustainable profitable growth and is committed to actively managing our portfolio to assure maximum return to our shareholders. VEON is committed to focus on integration within our markets and is averse to risks which may result from its geographical footprint expansion. In pursuit of strategic objectives, VEON has a moderate

risk appetite for business risks associated with the normal course of running operations. VEON has a high appetite for risks associated with developing new revenue streams, new ventures and business models and entering adjacent markets.

Risk Management in Execution

We use a comprehensive business planning and performance review process to monitor the Company's performance. This process covers the adoption of strategy, budgeting and the reporting of current and projected results. We assess business performance according to both financial and non-financial targets. Regularly, we assess the top risks at Group (top down approach) and across our operating companies (bottom up approach) and the countermeasures in place to mitigate those risks.

At VEON we have established a Local Board for each of our operating companies. The Local Board comprises of the respective executive management team members, Group Senior management and OpCo Board members. Frequent operational reviews are held, which include, but are not limited to performance updates and risks, controls and compliance reviews.



Effective risk management requires a continuous and iterative process and involves the following five steps:

1. Clarify objectives and identify risks:

VEON's strategy is developed with a comprehensive understanding of the strategic and inherent risks involved in doing business. We consider the potential effects of the business context on risk profile as well as possible ways of mitigating the risks we are exposed to.

2. Assess and prioritise risks:

Risks identified as relevant for VEON are assessed in order to understand the severity of each risk to the ability to execute on VEON's strategy and business objectives. The severity of risk is assessed at multiple levels of the business as it may not be the same across divisions, functions, and operating companies.

3. Respond to risk:

The assessed severity of the risk is utilised by management to determine an appropriate risk response (Take, Treat, Transfer or Terminate) which may include implementing mitigations, taking into account the risk appetite.

4. Monitor, report and escalate:

VEON's Group Executive Committee reviews significant risks assessed and prioritised based on the Group's ERM framework. Members of the Group Executive Committee also regularly speak with VEON's Board of Directors, in particular with the Audit and Risk Committee, to evaluate material group risks.

VEON's management also monitors and evaluates risk through our Risk Ethics and Assurance Committee (REAC), which is co-chaired by the Group Deputy Chief Financial Officer and Group General Counsel and includes the Group Chief Ethics & Compliance and Group Directors from each of the assurance functions. REAC oversees and aligns the activities of the Group's various risk and assurance functions to coordinate actions across the Group, which include:

(i) Advising senior management on matters concerning the risk, ethics and compliance, including an overall risk and assurance vision and strategy.

(ii) Overseeing activities to develop and maintain a fit-for-purpose risk and assurance program.

(iii) Engaging with VEON's senior management on important developments in the context of risk, ethics and compliance.

(iv) Acting as an escalation body to resolve issues around the management of Group risks.

The Board of Directors maintains a number of committees, including the Audit and Risk Committee, which expressly refers to its role in overseeing VEON's ERM framework in its charter.

5. Assure:

On a quarterly basis, through the management certification process, local CEO and CFOs certify significant risks have been considered and appropriate measures have been taken to manage the identified risks in accordance to the Group's Policies and procedures.

Control framework

VEON is publicly traded on a U.S. stock exchange and registered with the U.S. Securities and Exchange Commission. Thus, it must comply with Sarbanes Oxley Act ("SOX"). SOX Section 404 requires that management perform an assessment of the Internal Controls over Financial Reporting ("ICFR") to confirm both the design and operational effectiveness of the controls.

Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of VEON Ltd.'s published consolidated financial statements under generally accepted accounting principles. The VEON ICFR Framework incorporates risk assessment as part of our scoping process, an assessment of the design effectiveness of the required controls, testing of the operating effectiveness of the key control activities and monitoring of our financial reporting at entity-wide and functional levels. VEON has established uniform governance, policies and control standards that apply to controlled subsidiaries.

Local management is responsible for business operations of our subsidiaries, including risk mitigation and compliance with laws, regulations and internal requirements. We have created uniform governance and control standards for all our levels of operations. The standards apply to all our subsidiaries with the same expectation: that they conduct business in accordance with ethical principles, internal policies and procedures, and applicable laws and regulations. The standards are intended to define and guide conduct with respect to relevant compliance and ethics principles and rules, and to create awareness about when and where to ask for advice or report a compliance or ethics concern, which includes the use of VEON's SpeakUp channels. The principles apply to all VEON employees in all operating businesses and headquarters. Employees receive annual Code of Conduct ("Code") training, which includes certification to comply with the Code.

A Group Authority Matrix has been established to ensure that all expenditures and decisions are approved by the appropriate levels of management, with more significant decisions requiring approval from senior management at the Group level.

We have a Group-wide, quarterly management certification process in place, which requires the CEO and CFO at each of our reporting entities to certify compliance with the uniform governance and control standards established in VEON, including:

- Compliance with our Code of Conduct and related Group policies and procedure
- Compliance with local laws and regulations
- Compliance with the VEON Accounting Manual
- Compliance with VEON's principles, procedures and policies on ethics and compliance, fraud prevention and detection, accounting and internal control standards, and disclosure requirements
- Internal disclosure obligations
- Material weaknesses and/or deficiencies, if applicable, in design and operation of internal controls over financial reporting have been reported

Risk Factors

The risks below relate to our company and our American Depositary Shares ("ADSs"). Before purchasing our ADSs, you should carefully consider all of the information set forth in this Annual Report including, but not limited to, these risks.

In addition to those risk factors, there may be additional risks and uncertainties of which management is not aware or focused on or that management currently deems immaterial. Our business, financial condition or results of operations or prospects could be materially adversely affected by any of these risks, causing the trading price of our securities to decline and you to lose all or part of your investment.

Market Risks

We are exposed to foreign currency exchange loss and currency fluctuation and translation risks.

A significant amount of our costs, expenditures and liabilities, including capital expenditures and borrowings, is denominated in U.S. dollars and Russian rubles, while a proportion of our revenue is denominated in currencies other than U.S. dollars and Russian rubles. Thus, declining values of local currencies against the U.S. dollar could make it more difficult for us to repay or refinance our debt, make dividend payments, comply with covenants under our debt agreements or purchase equipment or services denominated in U.S. dollars or Russian rubles. For example, the values of the Russian, Algerian, Ukrainian, Uzbek, Pakistani, Bangladeshi and Kazakh currencies have experienced significant volatility in recent years in response to certain political and economic issues, and may continue to decline.

Our existing and future hedging strategies may not adequately protect us from exchange rate risks. Our operating metrics, debt coverage metrics, as well as the value of our investments in U.S. dollar terms have been negatively impacted in recent years by foreign currency transactions and translations. Such future currency fluctuations and volatility may result in additional losses or otherwise negatively impact our results of operations despite our ongoing efforts to better match the currency mix of our debt and derivatives with the currencies of our operations

Our hedging strategies may further prove ineffective if, for example, exchange rates fluctuate in response to legislative or regulatory action by a government with respect to its currency, which could lead to adverse developments that harm our business, financial condition, results of operations or prospects. In addition, the countries in which we operate have historically experienced periods of high levels of inflation, including certain cases of hyperinflation. Our profit margins could be harmed if we are unable to sufficiently increase our prices to offset any significant future increase in the inflation rate, which may be difficult with our mass market and price-sensitive customer base. For more information about foreign currency translation and associated risks, see — Operating and Financial Review and Prospects, — Quantitative and Qualitative Disclosures About Market Risk and Note 17 — Financial Risk Management to our Audited Consolidated Financial Statements.

We may be unable to develop additional revenue market share in markets where the potential for additional growth of our customer base is limited.

Increasing competition, market saturation and technological development have led to the increased importance of data services in the markets in which we operate, including Russia, Commonwealth of Independent States ("CIS") countries, Pakistan and Bangladesh. The mobile markets in Russia, Algeria, Ukraine, Kazakhstan, Kyrgyzstan, Armenia, and Georgia have each reached mobile penetration rates exceeding 100%, according to Analysys Mason. As a result, we have become increasingly focused on revenue market share growth in each of these markets. The key components of this strategy are to increase data usage and improve customer loyalty. However, we cannot guarantee that these initiatives will be successful, particularly in markets where the potential for additional growth of our customer base is limited. Failure to develop additional revenue market share could materially harm our business, financial condition, results of operations, cash flows or prospects. For more information on the competition we face in our markets, see "— *We operate in highly competitive markets, which we expect to only become more competitive, and as a result may have difficulty expanding our customer base or retaining existing customers."* For more information on our growth strategy, see — *Information on the Company*.

Our revenue is often unpredictable, and our revenue sources are short-term in nature.

Our primary source of revenue comes from prepaid mobile customers whom we do not require to enter into long-term contracts. Therefore, we cannot be certain these customers will continue to use our services in the future. Revenue from postpaid mobile customers represents a small percentage of our total operating revenue and the contracts that are required to be signed by such customers can be canceled with limited advance notice and without significant penalty. Because we incur costs based on our expectations of future revenue, the sudden loss of a large number of customers or a failure to accurately predict revenue could harm our business, financial condition, results of operations, cash flows or prospects. For a description of the key trends and developments with respect to our business, see — *Operating and Financial Review and Prospects — Key Developments During 2019*.

We operate in highly competitive markets, which we expect to only become more competitive, and as a result may have difficulty expanding our customer base or retaining existing customers.

The markets in which we operate are highly competitive in nature, and we expect that competition will continue to increase. Our financial performance has been and will continue to be significantly determined by our success in adding, retaining and engaging our customers. As penetration rates increase in the markets in which we operate, we may have difficulty expanding our customer base. If customers find our connectivity and internet services not to be valuable, reliable or trustworthy or otherwise believe competitors in our markets can offer better services, we may have difficulty retaining customers. In addition, as new players enter our markets or existing competitors combine operations, maintaining our market positions will become even more difficult.

Each of the items discussed immediately below regarding increased competition could materially harm our business, financial condition, results of operations, cash flows or prospects:

- we cannot assure you that our revenue will grow in the future, as competition puts pressure on prices;
- with the increasing pace of technological developments, including new digital technologies and regulatory changes impacting our industry, we cannot predict with certainty future business drivers and we cannot assure you that we will adapt to these changes at a competitive pace;
- we may be forced to utilize more aggressive marketing schemes to retain existing customers and attract new ones that may include lower tariffs, handset subsidies or increased dealer commissions;
- in more mature or saturated markets, such as Russia, there are limits on the extent to which we can continue to grow our customer base, and the continued growth of our business and results of operations will depend, in part, on our ability to extract greater revenue from our existing customers, including through the expansion of data services and the introduction of next generation technologies, which may prove difficult to accomplish;
- we may be unable to deliver better customer experience relative to our competitors or our competitors may reach customers more effectively through better use of digital and physical distribution channels, which may negatively impact our revenue and market share;
- as we expand the scope of our services, such as new networks, fixed-line residential and commercial broadband, Mobile Financial Services ("MFS") and Digital Financial Services ("DFS") offerings and other services, we may encounter a greater number of competitors that provide similar services;
- the liberalization of the regulations in certain markets in which we operate could greatly increase competition;
- competitors may operate more cost-effectively or have other competitive advantages such as greater financial resources, market presence and network coverage, stronger brand name recognition, higher customer loyalty and goodwill, and more control over domestic transmission lines;
- competitors, particularly current and former state-controlled telecommunications service providers, may receive preferential treatment from the regulatory authorities and benefit from the resources of their shareholders;
- current or future relationships among our competitors and third parties may restrict our access to critical systems and resources;
- new competitors or alliances among competitors could rapidly acquire significant market share, and we may not be able to form similar relationships to capitalize on such opportunities;
- reduced demand for our core services of voice, messaging and data and the development of services by application developers (commonly referred to as OTT players) could significantly impact our future profitability;
- competitors may partner with OTT players to provide integrated customer experiences, and we may be unable to implement offers, products and technology to support our commercial partnerships; and
- our existing service offerings could become disadvantaged as compared to those offered by competitors who can offer bundled combinations of fixed-line, broadband, public Wi-Fi, TV and mobile.

We may be unable to keep pace with technological changes and evolving industry standards, which could harm our competitive position and, in turn, materially harm our business.

The telecommunications industry is characterized by rapidly evolving technology, industry standards and service demands, which may vary by country or geographic region. Accordingly, our future success will depend on our ability to adapt to the changing technological landscape and the regulation of standards utilizing these technologies. It is possible that the technologies or equipment we utilize today will become obsolete or subject to competition from new technologies in the future for which we may be unable to obtain the appropriate license in a timely manner or at all. We may not be able to meet all of these challenges in a timely and cost-effective manner.

For example, with respect to our mobile services, while we continue deploying mobile networks such as 4G/LTE, in some markets the industry is already well advanced in planning for the future deployment of 5G, which is expected to drive continued demand for data in the future. If our licenses and spectrum are not appropriate or sufficient to address changing technology, we

may require additional or supplemental licenses and spectrum to implement 5G technology or to upgrade our existing 2G, 3G and 4G/LTE networks to remain competitive, and we may be unable to acquire such licenses and spectrum on reasonable terms or at all. We may need to incur significant capital expenditures to acquire licenses, spectrum or infrastructure to offer new services to our customers or improve our current services. In particular, the introduction of 5G services into our markets may draw additional entrants and require infrastructure capital expenditures for providers seeking to gain or maintain a competitive advantage. As new technologies are developed or upgraded, such as advanced 4G/LTE and 5G systems, our equipment may need to be replaced or upgraded or we may need to rebuild our mobile network, in whole or in part. Technological change is also impacting the capabilities of the equipment our customers use, such as mobile handsets, and potential changes in this area may impact demand for our services in the future. Implementing new technologies requires substantial investment. However, there can be no guarantee that we will generate our expected return on any such investments.

If we experience substantial problems keeping pace with technological changes and evolving industry standards, it may impair our success with the provision of related services, increase our costs or delay or decrease revenue and profits and therefore hinder recovery of any significant capital investments in such services, as well as our growth.

The international economic environment could cause our business to decline.

Our operations are subject to macro-economic and political risks that are outside of our control. The current macro-economic environment is volatile, and recent levels of instability in global markets has contributed to the challenging global economic environment in which we operate. As future developments are dependent upon a number of political and economic factors, we cannot accurately predict how long challenging conditions will exist or the extent to which the markets in which we operate may deteriorate. Unfavorable economic conditions may impact a significant number of our current and potential customers' spending patterns, in terms of both the products they subscribe for and usage levels. As a result, it may be more difficult for us to attract new customers, more likely that customers will downgrade or disconnect their services and more difficult for us to maintain ARPUs at existing levels. A difficult international economic environment and any future downturns in the economies of markets in which we operate or may operate in the future, including as a result of the recent tariff disputes between the United States and China, or such downturns in the international economic environment in general could also increase our costs (for example, by precipitating higher levels of taxation), prevent us from executing our strategies, hurt our liquidity, or impair our ability to take advantage of future opportunities, to respond to competitive pressures, to refinance existing indebtedness or to meet unexpected financial requirements, all of which could harm our business, financial condition, results of operations, cash flows or prospects.

Our financial performance may be affected by ongoing issues in the European Union relating to risks of deflation, sovereign debt levels, the suitability and stability of the euro, including the withdrawal of the United Kingdom from the European Union. Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union on January 31, 2020 and entered into a transition period during which it will continue its ongoing and complex negotiations with the European Union relating to the future trading relationship between the parties. Significant political and economic uncertainty remains about whether the terms of the relationship will differ materially from the terms before withdrawal.

As a result of the coronavirus or other similar outbreaks or adverse public health developments, our operations, and those of our customers and suppliers, may experience delays or disruptions, such as difficulty obtaining components and temporary suspension of operations. In addition, our financial condition and results of operations could be adversely affected to the extent that coronavirus or any other epidemic or outbreak harms the economies in which we operate. Furthermore, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect our operating results. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, share price and cost of capital.

As a global telecommunications company with operations in multiple markets, we may be adversely affected by a broad range of adverse economic developments specific to a particular market in which we operate. For example, our operations in Pakistan may be impaired by the July 2018 listings by the European Union and the Financial Action Task Force of Pakistan as a "high risk third country" and a jurisdiction requiring monitoring for strategic anti-money laundering and counter-terrorist financing deficiencies. Since July 2018, the Financial Action Task Force has continued to vote to keep Pakistan on the list of jurisdictions requiring monitoring, with its last vote in February 2020.

International economic sanctions and export controls may also adversely affect our ability to operate. In anticipation of the United Kingdom leaving the European Union, the United Kingdom created a new sanctions enforcement agency, the Office of Financial Sanctions Implementation ("OFSI"). In October 2019, OFSI announced a fine against a telecommunications carrier for violations of U.K. sanctions. Also, in the U.S., Congress enacted the Export Controls Act of 2018 ("ECA") with the principal purpose to enhance protection of U.S. technology resources by imposing greater restrictions on the transfer to non-U.S. individuals and companies, particularly through exports to China, of certain key foundational and emerging technologies and cyber-security considered critical to U.S. national security. The ECA has broadened the scope of U.S. export controls policy to protect a wider range of national security interests, including telecommunications technology, against perceived challenges presented by China. In 2019, the U.S. added Huawei Technologies Co., Ltd and several other Chinese technology and telecommunications companies to its export controls "Entity List", which restricts what U.S. technology, equipment or software can be exported, re-exported or transferred to listed companies.

In Russia, the impact of economic sanctions and the significant devaluation of the Russian ruble, have negatively impacted the Russian economy and economic outlook, and may also negatively impact our ability to raise external financing. Our operations may also be adversely affected by potential future sanctions by the United States targeting Russia, fueled by broader foreign policy considerations. Throughout 2019, the United States launched stronger sanctions against Russia designed to address increased tensions in foreign conflicts (e.g., in Syria and Venezuela), proliferation of chemical and biological weapons, tensions related to alleged election interference and Russia's involvement in European energy flows. The United States included sanctions from the Protecting Europe's Energy Security Act of 2019 in the 2020 National Defense Authorization Act ("NDAA"), which threatens asset freezes against companies involved in building the Russian natural gas pipelines to Europe: North Stream 2 and TurkStream. In addition, the U.S. Congress previously introduced the Defending Elections from Threats by Establishing Redlines Act (the "DETER ACT") of 2018, the Defending American Security from Kremlin Aggression Act ("DASKAA"), and other bills like it that would impose sanctions on a range of Russian persons and entities, including banks, energy companies, defense companies and entities in the intelligence sector, state-owned enterprises, Russian energy projects and sovereign debt, oligarchs, and senior government officials. We could be materially adversely impacted by the imposition of further sanctions. Further confrontation in Ukraine and any escalation of tensions between Russia and the United States and/or the European Union related to the imposition of further sanctions, or continued uncertainty regarding the scope thereof, could have a prolonged adverse impact on the Russian economy. These impacts could be more severe than those experienced to date. In particular, should either the United States or the European Union expand their respective sanctions to include our suppliers or other counterparties, such an expansion could result in substantial legal and other compliance costs and risks on our business operations and could have a material adverse impact on our business, financial condition, results of operations or prospects. If further restrictions are levied on Russian banks, our existing and future Russian ruble loans could be blocked and may require a change in our repayment terms. The sanctions imposed by the United States and the European Union in connection with the Ukraine crisis so far have had an adverse effect on the Russian economy. Tensions between Russia, the European Union and the United States have further increased recently, and there can be no assurance that the governments of the European Union and United States or other countries will not impose further sanctions on Russia. For more on sanctions affecting Russia and how they may affect our operations, see *Geopolitical Risks - "Our operations may be adversely affected by ongoing developments in Russia and Ukraine"*

Deterioration of macro-economic conditions in the countries in which we operate may also have certain accounting ramifications. For example, a significant difference between the performance of an acquired company and the business case assumed at the time of acquisition could require us to write down the value of the goodwill. In addition, the possible consequences of a financial and economic crisis related to, in particular, customer behavior, the reactions of our competitors in terms of offers and pricing or their responses to new entrants, regulatory adjustments in relation to reductions in consumer prices and our ability to adjust costs and investments in keeping with possible changes in revenue, may adversely affect our forecasts and lead to a write-down of tangible and intangible assets. A write-down recorded for tangible and intangible assets lowering their book values could impact certain covenants and provisions under our debt agreements, which could result in a deterioration of our financial condition, results of operations or cash flows. For further information on the impairment of tangible and intangible assets and recoverable amounts (particularly key assumptions and sensitivities), see *Note 11 - Impairment of Assets* to our Audited Consolidated Financial Statements. For a discussion of the risks associated with the market where we operate, see *Geopolitical Risks - "Investors in emerging markets, where our operations are located, are subject to greater risks than investors in more developed markets, including significant political, legal and economic risks as well as risks related to fluctuations in the global economy.*"

Liquidity and Capital Risks

Substantial amounts of indebtedness and debt service obligations could materially decrease our cash flow, adversely affect our business and financial condition and prevent us from raising additional capital.

We have substantial amounts of indebtedness and debt service obligations. As of December 31, 2019, the outstanding principal amount of our external debt for bonds, bank loans, and other borrowings amounted to approximately US$7.5 billion. In addition to these borrowings, we also have lease liabilities amounting to US$2.1 billion. For more information regarding our outstanding indebtedness and debt agreements, see — *Operating and Financial Review and Prospects — Liquidity and Capital Resources — Indebtedness*.

Agreements under which we borrow funds contain obligations, which include covenants or provisions that impose on us certain operating and financial restrictions. Some of these covenants relate to our financial performance or financial condition, such as levels or ratios of earnings, debt, equity and assets and may prevent us or our subsidiaries from incurring additional debt. Failure to comply with these covenants or provisions may result in a default, which could increase the cost of securing additional capital, lead to accelerated repayment of our indebtedness or result in the loss of any assets that secure the defaulted indebtedness or to which our creditors otherwise have recourse. Such a default or acceleration of the obligations under one or more of these agreements (including as a result of cross-default or cross-acceleration) could have a material adverse effect on our business, financial condition, results of operations or prospects, and in particular on our liquidity and our shareholders' equity. In addition, covenants in our debt agreements could impair our liquidity and our ability to expand or finance our future operations. For a discussion of agreements under which we borrow funds, see *Note 15 — Investments, Debt and Derivatives* to our Audited Consolidated Financial Statements.

Aside from the risk of default, given our substantial amounts of indebtedness and the limits imposed by our debt obligations, our business could suffer significant negative consequences such as the need to dedicate a substantial portion of our cash flows from operations to repayment of our debt, thereby reducing funds available for paying dividends, working capital, capital expenditures,

acquisitions, joint ventures and other purposes necessary for us to maintain our competitive position, flexibility and resiliency in the face of general adverse economic or industry conditions.

We may not be able to raise additional capital, or we may only be able to raise additional capital at significantly increased costs.

We may need to raise additional capital in the future, including through debt financing. If we incur additional indebtedness, the risks that we now face related to our indebtedness and debt service obligations could increase. Specifically, we may not be able to generate enough cash to pay the principal, interest and other amounts due under our indebtedness or we may not be able to borrow money within local or international capital markets on acceptable terms, or at all. We may also be impacted by conditions or local legal requirements in local or international markets that make it difficult to raise capital or refinance existing debt.

Our ability to raise additional capital, and the cost of raising additional capital, may also be affected by any downgrade of our credit ratings, which may happen for reasons outside our control and could materially harm our business, financial condition, results of operations and prospects. In addition, economic sanctions which may be imposed in the future by the United States, the United Nations, the European Union, or other countries or organizations, including in connection with developments in Russia and Ukraine, may also negatively affect our existing financing and our ability to secure future external financing, particularly if the sanctions are broadened. Furthermore, the potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any of our current or future debt linked to such benchmark.

If we are unable to raise additional capital or if the cost of raising additional capital significantly increases, 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, which could materially harm our business, financial condition, results of operations or prospects

A change in control of VEON Ltd. could harm our financial condition and business.

Our financing agreements across the VEON group generally have “change of control” provisions that may require us to make a prepayment if a person or group of persons (with limited exclusions) acquire beneficial or legal ownership of or control over more than 50.0% of our share capital. If such a change of control provision is triggered and we fail to agree necessary amendments to our bond and loan documentation and then fail to make any required prepayment, it could trigger cross-default or cross-acceleration provisions of our other financing agreements, which could lead to our obligations being declared immediately due and payable. A change of control could also impact other contracts and relationships with third parties and may require a renegotiation or reorganization of certain contracts or undertakings. This could harm our business, financial condition, results of operations, cash flows or prospects.

Operational Risks

Our strategic initiatives may not be successfully implemented and the benefits we expect to achieve may not be realized.

We continue to transform our business with the aim of improving our operations across all markets in which we operate. This transformation is working to expand our growth opportunities beyond traditional voice and access data provision into new digitally-enabled services. We are also developing new IT capabilities, including local platforms that enable our customers to manage their accounts and services independently (“self-care”), digital applications (e.g. TV, music, financial services), billing systems, customer relationship management systems, enterprise resource management systems, human capital management systems and enterprise performance management systems; and reducing and simplifying our IT cost base. There can be no assurance that this strategy will generate the results we expect. We may experience implementation issues due to a lack of coordination or cooperation with our operating companies or third parties, significant change in key personnel or otherwise encounter unforeseen issues, such as technological limitations, regulatory constraints or lack of customer engagement, which could frustrate our expectations regarding cost-optimization and process redesign or otherwise delay or hinder execution of these initiatives. As a result, these directional improvements may not be successful, which could adversely affect our business, financial condition, results of operations, cash flows or prospects.

As a holding company, VEON Ltd. depends on the performance of its subsidiaries and their ability to pay dividends or make other transfers to VEON Ltd. and may therefore be affected by a variety of local legal or regulatory changes, including changes in exchange controls and currency restrictions in the countries in which its subsidiaries operate.

VEON Ltd. is a holding company and does not conduct any revenue-generating business operations of its own. Its principal assets are the direct and indirect equity interests it owns in its operating subsidiaries, and thus VEON Ltd. depends on cash dividends, distributions, loans or other transfers received from its subsidiaries to make dividend payments to its shareholders, including holders

of ADSs and ordinary shares, and to meet other obligations. The ability of its subsidiaries to pay dividends and make other transfers to VEON Ltd. depends on the success of their businesses and is not guaranteed.

VEON Ltd.'s subsidiaries are separate and distinct legal entities. Any right that VEON Ltd. has to receive any assets of, or distributions from, any subsidiary upon its bankruptcy, dissolution, liquidation or reorganization, or to realize proceeds from the sale of the assets of any subsidiary, may be junior to the claims of that subsidiary's creditors, including trade creditors. Furthermore, our ability to withdraw funds and dividends from our subsidiaries and operating companies may depend on the consent of our strategic partners where applicable.

The ability of VEON Ltd.'s subsidiaries to pay dividends and make payments or loans to VEON Ltd., and to guarantee the VEON group's debt, will depend on their operating results and may be restricted by applicable corporate, tax and other laws and regulations, including restrictions on dividends, limitations on repatriation of cash and earnings and on the making of loans and repayment of debts, monetary transfer restrictions, covenants in debt agreements, and foreign currency exchange and related restrictions in certain agreements or certain jurisdictions in which VEON Ltd.'s subsidiaries operate or both. For more information on the legal and regulatory risks associated with our markets, see *Regulatory, Compliance and Legal Risks — "We operate in uncertain judicial and regulatory environments*."

Initiatives to merge with or acquire other companies or businesses, divest our companies, businesses or assets or to otherwise invest in or form strategic partnerships with third parties may divert management attention and resources away from our underlying business operations, and such efforts may not yield the benefits that were expected, or subject us to additional liabilities and higher costs from integration efforts or otherwise.

We seek from time to time to merge with or acquire other companies or businesses, divest our companies or businesses or form strategic partnerships through investments, the formation of joint ventures or otherwise, for various strategic reasons, including to: simplify our corporate structure; pursue optimal competitive positions in markets in which we have operations; divest certain operations, business lines or assets, including infrastructure assets; acquire more frequency spectrum; acquire new technologies and service capabilities; share our networks or infrastructure; add new customers; increase market penetration; expand into new or enhance "non-telecommunications" services such as digital financial services, banking or digital content; and expand into new markets.

Our ability to implement successful mergers, acquisitions, strategic partnerships or investments depends upon our ability to identify, evaluate, negotiate the terms of, complete and integrate suitable businesses and to obtain any necessary financing and the prior approval of any relevant regulatory bodies. These efforts could divert the attention of our management and key personnel from our underlying business operations. Following any such merger, acquisition, strategic partnerships or investment or failure of any such transaction to materialize (including any such failure caused by regulatory or third-party challenges), we may experience:

- difficulties in realizing expected synergies and investment returns from acquired companies, joint ventures, investments or other forms of strategic partnerships;
- unsuccessful integration of personnel, products, property and technologies into our existing business;
- higher or unforeseen costs of integration or capital expenditure (including the time and resources of our personnel required to successfully integrate any combined businesses);
- difficulties relating to the acquired or formed companies' or our partnerships' compliance with telecommunications or other regulatory licenses and permissions, compliance with laws, regulations and contractual obligations, ability to obtain and maintain favorable interconnect terms, frequencies and numbering capacity and ability to protect our intellectual property;
- adverse market reactions stemming from competitive and other pressures;
- difficulties in retaining key employees of the merged or acquired business or strategic partnerships who are necessary to manage the relevant businesses;
- difficulties in maintaining uniform standards, controls, procedures and policies throughout our businesses;
- risks related to loss of full control of a merged business, or not having the ability to adequately control and manage an acquired business, strategic partnership or investment;
- risks that different geographic regions present, such as currency exchange risks, competition, regulatory, political, economic and social developments, which may, among other things, restrict our ability to successfully capitalize on our acquisition, merger, joint venture or investment;
- adverse customer reaction to the business acquisition or combination; and
- increased liability and exposure to contingencies that we did not contemplate at the time of the merger, acquisition, strategic partnership or investment, including tax liabilities.

In addition, a merger, acquisition, strategic partnership or investment could materially impair our operating results by causing us to incur debt or requiring us to amortize merger or acquisition expenses and merged or acquired assets. We may not be able to assess ongoing profitability and identify all actual or potential liabilities or issues of a business prior to a merger, acquisition, strategic partnership or investment. If we merge with, acquire, form strategic partnerships with, or invest in businesses or assets

and it results in assuming unforeseen liabilities or we have not obtained contractual protections or such protection is not available, our business, financial condition, results of operations, cash flows or prospects could be adversely affected. As we investigate industry consolidation, our risks may increase. Our integration and consolidation of such businesses may also lead to changes in our operational efficiencies or structure. For more information about our recent transactions, see *Note 10 - Significant Transactions* to our Audited Consolidated Financial Statements.

From time to time, we may seek to divest some of our businesses, including divestitures of operations in certain markets, infrastructure or business lines, but such divestitures may take longer than anticipated or may not happen at all. If these or other divestitures do not occur, close later than expected or do not deliver expected benefits, this may result in decreased cash proceeds to the group and continued operations of non-core businesses that divert the attention of our management. Our success with any divestiture is dependent on effectively and efficiently separating the divested asset or business and reducing or eliminating associated overhead costs which may prove difficult or costly for us. There could also be transitional or business continuity risks or both associated with these divestitures that may impact our service levels and business targets. Further, in some cases, we may agree to indemnify acquiring parties for certain liabilities arising from our former businesses. Failure to successfully implement or complete a divestiture could materially harm our business, financial condition, results of operations, cash flows or prospects.

Our strategic partnerships and relationships carry inherent business risks.

We participate in strategic partnerships and joint ventures in a number of countries, including in Pakistan (Pakistan Mobile Communications Limited, "PMCL"), Kazakhstan (KaR-Tel LLP and TNS-Plus LLP), Algeria (Omnium Telecom Algérie S.p.A., "OTA"), Uzbekistan (Joint Venture Buzton LLC), Kyrgyzstan ("Sky Mobile" LLC and Terra LLC), and Georgia ("VEON Georgia" LLC). In addition, in Algeria, our local partner is a government institution, which could increase our exposure to the risks discussed in — *Geopolitical Risks*.

We do not always have a controlling stake in our affiliated companies and even when we do, our actions with respect to these affiliated companies may be restricted to some degree by shareholders' agreements entered into with our strategic partners. In addition, our ability to withdraw funds and dividends from these entities may depend on the consent of partners. If disagreements develop with our partners, or any existing disagreements are exacerbated, our business, financial condition, results of operations, cash flows or prospects may be harmed.

For example, in Algeria, our partner can acquire the shares held by GTH at fair market value in various circumstances (including, generally, change in VEON's indirect control of OTA, insolvency of GTH or VEON or material breach of the shareholders' agreement by GTH), as well as under call option arrangements exercisable solely at its discretion between October 1, 2021 and December 31, 2021. Concurrently, GTH has a right to require our partner in Algeria to acquire its shares in various circumstances (including, generally, change of control of the Algerian National Investment Fund, material breach of the shareholders' agreement by the Algerian National Investment Fund, loss of VEON's ability to consolidate OTA, the taking of certain actions in Algeria against GTH or OTA, failure by OTA to pay a minimum dividend or imposition of certain tax assessments), as well as under put option arrangements exercisable solely at its discretion between July 1, 2021 and September 30, 2021. Additionally, in Pakistan, we can potentially acquire (and our partner could require us to acquire) the shares held by our partner in PMCL at fair market value with effect from July 1, 2020 (our partner has no corresponding right to acquire our shares).

If one of our strategic partners becomes subject to investigation, sanctions or liability, or does not act in accordance with our standards, we might be adversely affected. Furthermore, strategic partnerships in emerging markets are accompanied by risks inherent to those markets, such as an increased possibility of a partner defaulting on obligations or losing a partner with important insights in that region.

If any of the above circumstances occur, or we otherwise determine that a partnership or joint venture is no longer yielding the benefits we expect to achieve, we may decide to unwind such initiative, which may result in significant transaction costs or an inferior outcome than was expected when we entered into such partnership or joint venture.

The telecommunications industry is highly capital intensive and requires substantial and ongoing expenditures of capital.

The telecommunications industry is highly capital intensive. Our success depends to a significant degree on our ability to keep pace with new developments in technology, to develop and market innovative products and to update our facilities and process technology, which will require additional capital expenditures in the future. The amount and timing of our capital requirements will depend on many factors, including acceptance of and demand for our products and services, the extent to which we invest in new technology and research and development projects, the status and timing of competitive developments, and certain regulatory requirements.

Although we regularly consider and take measures to improve our capital efficiency, including selling capital intensive segments of our business and entering into managed services and network sharing agreements with respect to towers and other assets, our levels of capital expenditure will remain significant. If we do not have sufficient resources from our operations to finance necessary capital expenditures, we may be required to raise additional debt or equity financing, which may not be available when needed or on terms favorable to us or at all. If we are unable to obtain adequate funds on acceptable terms, or at all, we may be unable to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures, which could harm our business, financial condition, results of operations, cash flows or prospects. For more information on our future

liquidity needs, see — *Operating and Financial Review and Prospects — Liquidity and Capital Resources — Future Liquidity and Capital Requirements*.

Cyber-attacks and other cybersecurity threats may lead to compromised or inaccessible telecommunications, digital and financial services and/or leaks or unauthorized processing of confidential information, and perceptions of such threats may cause customers to lose confidence in our services.

Our operations and business continuity depend on how well we protect and maintain our network equipment, information technology ("IT") systems and other assets. Due to the nature of the services we offer across our geographical footprint, we are exposed to cybersecurity threats that could negatively impact our business activities through service degradation, alteration or disruption. Cybersecurity threats could also lead to the compromise of our physical assets dedicated to processing or storing customer and employee information, financial data and strategic business information, exposing this information to possible leakage, unauthorized dissemination and loss of confidentiality. These events could result in reputational harm, lawsuits against us by customers, employees or other third parties, violations of data protection and telecommunications laws, adverse actions by telecommunications regulators and other authorities, an inability to operate our digital services or our wireless or fixed-line networks, loss of revenue from business interruption, loss of market share or significant additional costs. In addition, the potential liabilities associated with these events could exceed the cyber insurance coverage we maintain and certain violations of data protection and telecommunications laws (including as a result of data leakage) are administrative or criminal offenses in some countries, and can result in suspension of operating licenses, imprisonment or fines for the entity and/or the individuals involved.

Although we devote significant resources to the development and improvement of our IT and security systems, we are and will continue to remain vulnerable to cyber-attacks and other cybersecurity threats that could lead to compromised or inaccessible telecommunications, digital and financial services and/or leaks or unauthorized processing of confidential information, including customer information. Our systems are vulnerable to harmful viruses and the spread of malicious software that could compromise the confidentiality, integrity or availability of technology assets. In addition, unauthorized users or hackers may access and process the customer and business information we hold, or authorized users may improperly process such data. Such risks are inherent in our business operations and we will never be able to fully insulate ourselves from these risks. Our systems will remain vulnerable to attacks by third parties who are able to thwart the safeguards we have in place with tactics that are unforeseen or prove to be too sophisticated. Moreover, we may experience cyber-attacks and IT and network failures and outrages due to factors under our control, such as malfunction of technology assets or services caused by obsolescence, wear or defects in design or manufacturing, faults during standard or extraordinary maintenance procedures, unforeseen absence of key personnel, and the inability to protect our systems from phishing attacks.

From time to time, we have experienced cyber-attacks of varying degrees to gain access to our computer systems and networks. As of the date of this Annual Report on Form 20-F, we have suffered various cybersecurity incidents, including WannaCry and NotPetya attacks, which targeted our internal infrastructure but were contained by our response teams and generated limited or negligible impacts. In addition, we have identified unauthorized access to some of our network systems, possibly with the intention to capture information or manipulate the communications. Although we found no evidence that any such capture or manipulation was performed, we cannot guarantee that they did not take place, that all such attempts will be successfully thwarted in the future or that the impact of such attempts, if successful, would not be material to our business. We have also experienced an incident in which a subsidiary's collection of fixed-line customer information containing historical personal data was publicly leaked. Such incidents may reoccur and be more significant in the future. There is also a possibility that we are not currently aware of certain undisclosed vulnerabilities in our IT systems and other assets. In such an event, hackers or other cybercrime groups may exploit such vulnerabilities or may be able to cause harm more quickly than we are able to mitigate (zero-day exploits).

Our business is also subject to disruption by computer malware or other technical or operational issues. While we have implemented a cyber-security strategy for mitigating these risks, we cannot be sure that our network and information technology systems will not be subject to such issues, or, if they are, that we will be able to maintain the integrity of our customers' and employees' data or that malware or other technical or operational issues will not disrupt our network or systems and cause significant harm to our operations. For example, in recent years, we have experienced infections by malware, advanced persistent threats, and network service interruptions during installations of new software. In some regions, our equipment for the provision of mobile services resides in a limited number of locations or buildings. Disruption to the security or operation of these locations or buildings could result in disruption of our mobile services in those regions. Moreover, the implementation of our transformation strategies may result in under-investments or failures in internal business processes, which may in turn result in greater vulnerability to technical or operational issues, including harm from failure to detect malware.

If our services are affected by such attacks and malware and this degrades our services, our products and services may be perceived as being vulnerable to cyber risk and the integrity of our data protection systems may be questioned. As a result, users and customers may curtail or stop using our products and services, and we may incur litigation exposure, regulatory fines, penalties, reimbursement or other compensatory costs.

Our ability to profitably provide telecommunications services depends in part on the terms of our interconnection agreements and access to third-party owned infrastructure and networks.

Our ability to secure and maintain interconnection agreements with other wireless and local, domestic and international fixed-line operators on cost-effective terms is critical to the economic viability of our operations. Our ability to secure and maintain

interconnection agreements with other wireless and local, domestic and international fixed-line operators and, upon access to infrastructure, networks and connections that are owned or controlled by third parties, on cost-effective terms is critical to the economic viability of our operations. The countries in which we operate have a limited number of international cable connections providing access to internet, data service and call interconnection. Outages, disconnections or restrictions to access affecting these international connections can have a significant impact on our ability to offer services and data connectivity to our customers. Interconnection is required to complete calls that originate on our respective networks but terminate outside our respective networks, or that originate from outside our respective networks and terminate on our respective networks. In certain jurisdictions in which we operate, the relevant regulator sets mobile termination rates ("MTRs"). If any such regulator sets MTRs that are lower for us than the MTRs of our competitors, our interconnection costs may be higher and our interconnection revenues may be lower, relative to our competitors. For example, in 2017 in Algeria the regulator set MTRs that were lower for our subsidiary Optimum Telecom Algeria S.p.A. than for one of its competitors. MTR symmetry was introduced in November 2018, and MTR asymmetry was subsequently re-introduced in October 2019. A significant increase in our interconnection costs, or decrease in our interconnection rates, as a result of new regulations, commercial decisions by other fixed-line operators, increased inflation rates in the countries in which we operate or a lack of available line capacity for interconnection could harm our ability to provide services, which could in turn harm our business, financial condition, results of operations, cash flows or prospects. For more information on our interconnection agreements, see — *Business Overview.*

Our equipment and systems are subject to disruption and failure for various reasons which could cause us to lose customers, limit our growth, violate our licenses or reduce the confidence of our customers in our ability to securely hold their personal data.

Our business depends on providing customers with reliability, capacity and security. Our technological infrastructure is vulnerable to damage or disruptions from other events, including natural disasters, military conflicts, power outages, terrorist acts, riots, government shutdown orders, changes in government regulation, equipment or system failures or an inability to access or operate such equipment or systems, human error or intentional wrongdoings, such as breaches of our network, cyber-attacks or any other types of information technology security threats. For example, we may experience network or technology failures or a leak or unauthorized processing of confidential customer data if our technology assets are altered, damaged, destroyed or misused, by employees, third parties or users, either intentionally or due to human error. In addition, as we operate in countries which may have an increased threat of terrorism and military conflict, incidents on or near our premises, equipment or points of sale could result in causalities, property damage, business interruption, legal liability and damage to our brand or reputation.

Interruptions of services could harm our reputation and reduce the confidence of our customers to hold their personal data, and consequently impair our ability to obtain and retain customers and could lead to a violation of the terms of our licenses, each of which could materially harm our business. In addition, the potential liabilities associated with these events could exceed the business interruption insurance we maintain.

We depend on third parties for certain services and equipment, infrastructure and other products important to our business.

We rely on third parties to provide services and products important for our operations. We currently purchase the majority of our network-related equipment from a core number of suppliers, principally Ericsson, ZTE, Huawei, Nokia Solutions and Networks, and Cisco Systems. The successful build-out and operation of our networks depends heavily on obtaining adequate supplies of switching equipment, radio access network solutions, base stations and other services and products on a timely basis. From time to time, we have experienced delays in receiving equipment, installation of equipment, and maintenance services.

Our business could be materially impacted by disruptions to our core suppliers' businesses or supply chains, due to developments such as significant geopolitical events, changes in law or regulation, public health issues (such as the coronavirus), and export and re-export restrictions on our and our suppliers' ability to procure goods, software or technology necessary for the service, production and satisfactory delivery of the supplies, support services, and equipment that we source from them. For example, in April 2018, the U.S. Department of Commerce issued, under the U.S. Export Administration Regulations ("EAR"), a Denial Order to ZTE, an important third-party supplier, which prohibited, among other things, exports and re-exports of U.S. goods, software or technology to and from ZTE, and restricted, over the period of the Denial Order, our ability to receive certain services and products from ZTE, each of which could have led to service degradation and disruptions in certain markets. Only after ZTE entered into a settlement agreement and paid a civil penalty of $1 billion dollars to U.S. authorities in July 2018, was the Denial Order terminated and restrictions on ZTE lifted. ZTE still faces a series of stringent requirements including the appointment of a compliance monitor for a period of at least 10 years. During the Denial Order period, we had to replace or transition certain services and products to other core suppliers. Also, in May and August 2019, the U.S. Department of Commerce added Huawei and 114 of its affiliates to its "Entity List", prohibiting companies globally from directly or indirectly exporting, re-exporting or transferring (in-country) all items subject to the EAR to Huawei and procuring items from Huawei when they know or have reason to know that the items were originally procured by Huawei in violation of the EAR. The U.S. Department of Commerce also issued a Temporary General License which authorizes, upon certain conditions, exports, re-exports and transfers of certain items to Huawei which would have otherwise been prohibited by Entity List restrictions. Further restrictions on Huawei could potentially have a material adverse impact on our operations in certain markets where we are reliant on Huawei equipment or services. Specifically, any restriction on Huawei's ability to deliver equipment or services, or on our ability to receive such equipment or services, could adversely impact our business, the operation of our networks and our ability to comply with the terms of our operating licenses and local laws and regulations.

We have and may continue to outsource all or a portion of construction, maintenance services, IT infrastructure hosting and network capabilities in certain markets in which we operate. For example, our digital stacks and data management platforms are dependent on third parties. We have also partially implemented outsourcing initiatives in a number of markets including Russia and Kazakhstan. For more information on such initiatives, see - *Property, Plants and Equipment.* Our business could be materially harmed if our agreements with third parties were to terminate, if our partners experience certain negative developments (financial, legal, regulatory or otherwise), or a dispute between us and such parties occurs, causing the parties to no longer be able to deliver the required services on a timely basis or at all or otherwise fulfill their obligations under our agreements with them. If such events occur, we may attempt to renegotiate the terms of such agreements with the third parties. For example, in February 2019, we entered into a revised agreement with Ericsson to upgrade core IT systems in several countries with new digital business support systems (DBSS). For more information on this revised agreement, see - *Business Overview - Information Technology*. There can be no assurance that the terms of such amended agreements will be more favorable to us than those of the original agreements. For more information, see — *Property, Plants and Equipment.* As a result, the implementation of such initiatives, including our digital stacks and data management platforms, is dependent on third parties.

We also depend on third parties, including software providers and service providers, for our day-to-day business operations. For example, we rely on roaming partners to provide services to our customers while they are outside the countries in which we operate and on interconnect providers to complete calls that originate on our networks but terminate outside our networks, or that originate outside our networks and terminate on our networks. Certain roaming partners have been targeted by sanctions restrictions which has required us to conduct further diligence on certain partners and change or terminate certain roaming relationships. We also rely on handset providers to provide the equipment used on our networks. Many of our mobile products and services are sold to customers through third party channels. These third-party retailers, agents and dealers that we use to distribute and sell products are not under our control and may stop distributing or selling our products at any time or may more actively promote the products and services of our competitors. Should this occur with particularly important retailers, agents or dealers, we may face difficulty in finding new retailers, sales agents or dealers that can generate the same level of revenue. Any negative developments regarding the third parties on which we depend could materially harm our business, financial condition, results of operations, cash flows or prospects.

Our intellectual property rights are costly and difficult to protect, and we cannot guarantee that the steps we have taken to protect our intellectual property rights will be adequate.

We regard our copyrights, service marks, trademarks, trade names, trade secrets, know-how and similar intellectual property, including our rights to certain domain names, as important to our continued success. For example, our widely recognized logos, such as “VEON”, “Beeline” (Russia, Kazakhstan, Uzbekistan, Armenia, Georgia and Kyrgyzstan), “Kyivstar” (Ukraine), “Jazz” (Pakistan), “Djezzy” (Algeria) and “banglalink” (Bangladesh), have played an important role in building brand awareness for our services and products. We rely upon trademark and copyright law, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our proprietary rights. However, intellectual property rights are especially difficult to protect in many of the markets in which we operate. In these markets, the regulatory agencies charged to protect intellectual property rights are inadequately funded, legislation is underdeveloped, piracy is commonplace and enforcement of court decisions is difficult.

We are in the process of registering, and maintaining and defending the registration of, the VEON name and logo as trademarks in the jurisdictions in which we operate and other key territories, along with our other key trademarks and tradenames, logos and designs. As of the date of this Annual Report, we have achieved registration of the VEON name in thirteen of the seventeen jurisdictions sought (although in only certain classes in the European Union), with the remaining four pending. With respect to the logo, we have achieved registration in thirteen of the seventeen jurisdictions sought (although in only certain classes in the European Union and Bermuda), with the remaining four pending. The timeline and process required to obtain trademark registration can vary widely between jurisdictions.

As we continue our investment into a growing ecosystem of local digital services, we will need to ensure that we have adequate legal rights to the ownership or use of necessary source code, content, and other intellectual property rights associated with our systems, products and services. For example, a number of platforms and non-connectivity services offered by VEON and its operations are developed using source code created in conjunction with third parties. We rely on a combination of contractual provisions and intellectual property law to protect our proprietary technology and software, access to and use of source code and other necessary intellectual property. Third parties may infringe or misappropriate our intellectual property. As the number of convergent product offerings, such as JazzCash or Beeline TV, and overlapping product functions increase, the possibility of intellectual property infringement claims against us may increase. Any such litigation may result in substantial costs and diversion of resources, and adverse litigation outcomes could harm our business, financial condition, results of operations, cash flows or prospects. We may have to litigate to enforce and protect our copyrights, trademarks, trade names, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, we may be required to incur significant costs, and our efforts may not prove successful. The inability to secure or protect our intellectual property assets could have a material adverse effect on our business and our ability to compete.

In addition, new intellectual property laws or regulations may require us to invest substantial resources or may be unclear. Current and new intellectual property laws may affect the ability of companies, including us, to protect their innovations and defend against claims of intellectual property rights infringement. The costs of compliance with these laws and regulations are

high and are likely to increase in the future. Claims have been, or may be threatened and/or filed against us for intellectual property infringement based on the nature and content in our products and services, or content generated by our users.

We depend on our senior management and highly skilled personnel, and, if we are unable to retain or motivate key personnel, hire qualified personnel, or implement our strategic goals or corporate culture through our personnel, we may not be able to maintain our competitive position or to implement our business strategy.

Our performance and ability to maintain our competitive position and to implement our business strategy is dependent in certain important respects on our global senior management team, highly skilled personnel and their level of continuity. In the markets in which we operate, competition for qualified personnel with relevant expertise is intense. There is sometimes limited availability of individuals with the requisite knowledge of the telecommunications industry, the relevant experience and, in the case of expatriates, the ability or willingness to accept work assignments in certain of the jurisdictions in which we operate. We have experienced certain changes in key management positions in recent years.

The loss of any key personnel or an inability to attract, train, retain and motivate qualified members of senior management or highly skilled personnel could have an adverse impact on our ability to compete and to implement new business models and could harm our business, financial condition, results of operations, cash flows or prospects. In addition, we may not succeed in instilling our corporate culture and values in new or existing employees, which could delay or hamper the implementation of our strategic priorities, or our compensation schemes may not always be successful in attracting new qualified employees and retaining and motivating our existing employees.

Our success is also dependent on our personnel's ability to adapt to rapidly changing environments and to perform in pace with our continuous innovations and industry developments. Although we devote significant attention to recruiting and training, there can be no assurance that our existing personnel will successfully be able to adapt to and support our strategic priorities. There is also a possibility that we are unable to attract qualified individuals with the requisite skills to implement our digital initiatives or other business strategies.

We face uncertainty regarding our frequency allocations and may experience limited spectrum capacity for providing wireless services, and are subject to risk that government action results in requiring us to transfer our existing spectrum allocations.

To establish and commercially launch mobile and fixed wireless telecommunications networks, we need to receive frequency allocations for bandwidths within the frequency bands in the regions in which we operate. The availability of spectrum is limited, closely regulated and can be expensive, and we may not be able to obtain it from the regulator or third parties at all or at a price that we deem to be commercially acceptable given competitive conditions or without the imposition of certain service obligations, which could be burdensome. There are a limited number of frequencies available for mobile operators in each of the regions in which we operate or hold licenses to operate. We are dependent on access to adequate frequency allocation in each such market in order to maintain and expand our customer base. In the past, we have experienced difficulties in obtaining adequate frequency allocation in some of the markets in which we operate. For instance, in Russia, we have previously been unable to obtain frequency allocations in an assigned frequency band for LTE network development and, in Bangladesh, while we are currently one of the largest operators, we until recently held a disproportionately small amount of the frequency spectrum. In addition, frequency allocations may be issued for periods that are shorter than the terms of our licenses, and such allocations may not be renewed in a timely manner, or at all.

We are also subject to the risk that government action impairs our frequency allocations or spectrum capacity. For example, in 2017, the government of Uzbekistan published a decision ordering the equitable reallocation amongst all telecommunications providers in the market, which has affected approximately half of the 900 MHz and 1800 MHz radio frequencies of our Uzbek subsidiary, Unitel LLC. The decision, which also granted tech neutrality in the 900 MHz and 1800 MHz bands, came into force on March 31, 2018. In addition, the Ministry of Digital Development, Communications and Mass Media of the Russian Federation (formerly, the Ministry of Telecom and Mass Communications of the Russian Federation) has published a number of regulations regarding frequency allocation, consolidation and conversation, and increase of spectrum fees.

We may also be subject to increases in fee payments for frequency allocations under the terms of some of our licenses or to obtain new licenses.

Legislation in many countries in which we operate, including Russia and Pakistan, requires that we make payments for frequency spectrum usage. As a whole, the fees for all available frequency assignments, as well as allotted frequency bands for different mobile communications technologies, have been significant. For example, in Pakistan, the PTA issued a license renewal decision on July 22, 2019 requiring payment of an aggregate price of approximately US$450 million, a price which we are currently disputing in the Islamabad High Court. Any significant increase in the fees payable for the frequencies that we use or for additional frequencies that we need could have a negative effect on our financial results. We expect that the fees we pay for radio-frequency spectrum, including radio-frequency spectrum renewals, could substantially increase in some or all of the countries in which we operate, and any such increase could harm our business, financial condition, results of operations, cash flows or prospects.

If our frequency allocations are limited, we are unable to renew our frequency allocations or obtain new frequencies to allow us to provide mobile or fixed wireless services on a commercially feasible basis, our network capacity and our ability to provide these services would be constrained and our ability to expand would be limited, which could harm our business, financial condition, results of operations, cash flows or prospects.

Regulatory, Compliance and Legal Risks

New or proposed changes to laws or new interpretations of existing laws in the markets in which we operate may harm our business.

We are subject to a variety of national and local laws and regulations in the countries in which we do business. These laws and regulations apply to many aspects of our business. Violations of applicable laws or regulations could damage our reputation or result in regulatory or private actions with substantial penalties or damages, including the revocation of our licenses. In addition, any significant changes in such laws or regulations or their interpretation, or the introduction of higher standards, additional obligations or more stringent laws or regulations, including revision in regulations for license and frequency allocation and changes in foreign policy or trade restrictions and regulations (such as those resulting from recent tariff disputes between the United States and China) could have an adverse impact on our business, financial condition, results of operations and prospects.

For example, in some of the markets in which we operate, SIM verification and re-verification initiatives have been implemented. In Pakistan, our subsidiary was required to re-verify more than 38 million SIM cards in 2016, with operators blocking all SIM cards that could not be verified. This resulted in a loss of approximately 13% of its customer base. In addition, the Pakistan Prevention of Electronic Crimes Act of 2016 introduced sentencing and heavy fines for certain traditional marketing activities, thus directly impacting how we conduct our business. Similar actions may be contemplated or introduced in other markets in which we operate. In addition to customer losses, such requirements can result in claims from legitimate customers who are incorrectly blocked, fines, license suspensions and other liabilities for failure to comply with the requirements. To the extent re-verification and/or new verification requirements are imposed in the jurisdictions in which we operate, it could have an adverse impact on our business, financial condition, results of operations and prospects.

Many jurisdictions in which we operate have seen the adoption of data localization and protection laws that prohibit the collection of certain personal data through servers located outside of the respective jurisdictions. For example, in Russia, telecommunications operators are required to provide information to Russian investigative authorities and gradually install pre-approved equipment to ensure storage of metadata for three years and contents of communications for six months pursuant to Federal Law No 374-FZ (commonly referred to as the Yarovaya laws). Violation of these laws by an operator may result in fines, suspension of activities or license revocation. For more information on the Yarovaya laws, see *"Anti-terror legislation passed in Russia and other jurisdictions could result in additional operating costs and capital expenditures and may harm our business."*

In some jurisdictions in which we operate legislation is being implemented to establish a legal framework for preventing cyber-attacks and protecting critical information infrastructure. For example, Russian telecommunications operators are obliged to take various measures to protect their information infrastructure, provide reliable data transmission channels and inform government agencies and partners about incidents on critical information infrastructure. In addition, Federal Law No. 90-FZ "On certain amendments to the Federal Law 'On communications' and Federal Law 'On information, information technologies and information protection'" (commonly referred to as the RuNet law) was adopted in Russia in 2019. The RuNet law is aimed at the development of an autonomous system that can support the operation of the internet in Russia in the event of disconnection from the global network and allow the Russian government to centralize, control and restrict data traffic in case of certain emergencies as may be determined by the Russian authorities. The provisions of the RuNet law impose a number of obligations that aim to ensure the centralization and control over data traffic on a broad range of persons. Telecommunications operators, including us, are required to, among other things, install counter-threat equipment to be provided by the Russian authorities, participate in trainings and file certain notifications to the Russian authorities. We are in the process of ensuring compliance with these requirements. However, the application of the RuNet law may, among other things, reduce the data transfer speed significantly, adversely affect the functioning of our infrastructure and business operations, restrict the use of or result in interruption of certain services, and trigger material costs.

We operate in uncertain judicial and regulatory environments, which may result in unanticipated outcomes that harm our business.

In many of the emerging market countries where we operate, the application of the laws and regulations of any particular country is frequently unclear and may result in unpredictable outcomes, including:

- restrictions or delays in obtaining additional numbering capacity, receiving new licenses and frequencies, receiving regulatory approvals for rolling out our networks in the regions for which we have licenses, receiving regulatory approvals for the use of changes to our frequency, receiving regulatory approvals of our tariffs plans and importing and certifying our equipment;
- significant additional costs, including fines and penalties, operational burdens and other difficulties associated with not complying in a timely manner, or at all, with new or existing legislation or the terms of any notices or warnings received from the telecommunications and other regulatory authorities; and
- adverse rulings or audit findings by courts or government authorities resulting from a change in interpretation or inconsistent application of existing law,

each of which may cause delays in implementing our strategies and business plans and create a more challenging operating environment. If we are found to be involved in practices that do not comply with applicable laws or regulations, we may be exposed

to significant fines, the risk of prosecution or the suspension or loss of our licenses, frequency allocations, authorizations or various permissions, any of which could harm our business, financial condition, results of operations, cash flows or prospects.

We are, and may in the future be, involved in, associated with, or otherwise subject to legal liability in connection with disputes and litigation with regulators, competitors and third parties.

We are party to a number of lawsuits and other legal, regulatory or antitrust proceedings and commercial disputes, the final outcome of which is uncertain. Litigation and regulatory proceedings are inherently unpredictable. An adverse outcome in, or any disposition of, these or other proceedings, including any that may be asserted in the future, could harm our reputation and have an adverse impact on our business, financial condition, results of operations, cash flows or prospects. For more information on these disputes, see *Note 8 - Provisions and Contingent Liabilities* to our Audited Consolidated Financial Statements.

In addition, we currently host and provide a wide variety of services and products that enable users to engage in various online activities. The law relating to the liability of providers of these online services and products for the activities of their users is still unsettled in some jurisdictions. Claims may be threatened or brought against us for defamation, negligence, breaches of contract, copyright or trademark infringement, unfair competition, tort, including personal injury, fraud, or other grounds based on the nature and content of information that we use and store. In addition, we may be subject to domestic or international actions alleging that certain content we have generated, user-generated content or third-party content that we have made available within our services violates applicable law.

We may also be subject to claims concerning certain third-party products, services or content we provide by virtue of our involvement in marketing, branding, broadcasting, or providing access to them, even if we do not ourselves host, operate, provide, or provide access to, these products, services or content. Defense of any such actions could be costly and involve significant time and attention of our management and other resources, may result in monetary liabilities or penalties, and may require us to change our business in an adverse manner.

We may not be able to detect and prevent fraud or other misconduct by our employees, joint venture partners, representatives, agents, suppliers, customers or other third parties.

We may be exposed to fraud or other misconduct committed by our employees, joint venture partners, representatives, agents, suppliers, customers or other third parties that could subject us to litigation, financial losses and fines or penalties imposed by governmental authorities, and affect our reputation. Such misconduct could include, but is not limited to, misappropriating funds, conducting transactions that are outside of authorized limits, engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities, including in exchange for personal benefit or gain or otherwise not complying with applicable laws or our internal policies and procedures. The risk of fraud or other misconduct could increase as we expand certain areas of our business.

We regularly review and update our policies and procedures and internal controls, which are designed to provide reasonable assurance that we and our employees comply with applicable laws and our internal policies. VEON Ltd. issued a Supplier Code of Conduct that we expect our representatives, agents, suppliers and other third parties to follow. In addition, we conduct risk-based training for our employees. However, there can be no assurance that such policies, procedures, internal controls and training will at all times prevent or detect misconduct and protect us from liability for actions of our employees, representatives, agents, suppliers, customers or other third parties.

In addition to legal and financial liability, our reputation may be adversely impacted by association, action or inaction that is perceived by stakeholders or customers to be inappropriate or unethical and not in keeping with the group’s stated purposes and values. Reputational risk may arise in many different ways, including, but not limited to any real or perceived:

- failure to act in good faith and in accordance with the group’s values, Code of Conduct, other policies, procedures, and internal standards;
- failure to comply with applicable laws or regulations, or association, real or perceived, with illegal activity;
- failures in corporate governance, management or systems;
- association with controversial practices, customers, transactions, projects, countries or governments;
- association with controversial business decisions, including but not limited to, those relating to existing or new products, delivery channels, promotions/advertising, acquisitions, representation, sourcing/supply chain relationships, locations, or treatment of financial transactions; or
- association with poor employment or human rights practices.

Our Mobile Financial Services (“MFS”) and Digital Financial Services (“DFS”) offerings are complex and increase our exposure to fraud, money laundering and reputational risk.

MFS and DFS offerings are complex and subject to regulatory and compliance requirements. They may involve cash handling or other value transfers, exposing us to risk that our customers or business partners engage in fraudulent activities, money laundering or terrorism financing. Violations of anti-money laundering and counter-terrorist financing laws, know-your-customer

rules, and customer name screening and monitoring requirements or other regulations on our MFS/DFS networks could have material adverse effects on our financial condition and results of operations and result in legal and financial liability or reputational damage. The regulations governing these services are evolving and, as they develop, regulations could become more onerous, impose additional controls, reporting or disclosure obligations, or limit our flexibility to rapidly deploy new products, which may limit our ability to provide our services efficiently or in the way originally envisioned.

In addition, as our MFS and DFS offerings require us to process personal consumer data (such as, consumer names, addresses, credit and debit card numbers and bank account details), we must comply with strict data privacy and consumer protection laws. For more information on risks associated with possible unauthorized disclosure of such personal data, see - *"We collect and process sensitive customer data, and are therefore subject to an increasing amount of data privacy laws and regulations that may require us to incur substantial costs and implement certain changes to our business practices that may adversely affect our results of operations.*"

Our MFS and DFS businesses also require us to maintain availability of our systems and platforms, and failure to maintain agreed levels of service availability or to reliably process our customers' transactions due to performance, administrative or technical issues, system interruptions or other failures could result in a loss of revenue, violation of certain local banking regulations, payment of contractual or consequential damages, reputational harm, additional operating expenses to remediate any failures, or exposure to other losses and liabilities.

Mobilink Microfinance Bank Limited, a wholly owned subsidiary of the Company owned through Global Telecom Holding SAE, carries on a microfinance banking business and provides certain MFS, DFS and traditional banking services in Pakistan under license granted by the State Bank of Pakistan and is subject to regulation by the State Bank of Pakistan. State Bank regulations and banking laws are subject to change from time to time, including with respect to capitalization requirements and Global Telecom Holding SAE may be required to increase the capitalization of Mobilink Bank from time to time and may be required to inject funds to cover any losses that the bank suffers. Mobilink Bank's activities may expose it or the group to a risk of liability under banking compliance laws, including, for example, anti-money laundering and counter-terrorist financing regulations.

Our majority stake in an Egyptian company may expose us to legal and political risk and reputational harm.

Our subsidiary in Egypt, Global Telecom Holding S.A.E. ("GTH"), is an Egyptian private company and is therefore subject to corresponding laws and regulations.

GTH is the holding company for our assets in Algeria and certain assets in Pakistan. We have experienced and expect to continue to experience the risk of unpredictable and adverse government action and severe delays in obtaining necessary government approvals stemming from the political and economic conditions in Egypt and the inconsistent and unpredictable application of laws and regulations. Furthermore, although GTH entered into a tax settlement agreement with the Egyptian tax authorities for certain historic periods, GTH may in the future be subject to significant unfounded or unfair tax claims for other tax periods, or under existing or new Egyptian tax law. For more information on tax claims of the Egyptian authorities, see *Note 8 — Provisions and Contingent Liabilities* to our Audited Consolidated Financial Statements.

We operate in a highly regulated industry and are subject to a large variety of laws and extensive regulatory requirements.

As a global telecommunications company, we are subject to different and occasionally conflicting laws and regulations in each of and between the jurisdictions in which we operate. Mobile, internet, fixed-line, voice, content and data markets generally are subject to extensive regulatory requirements, including strict licensing regimes, as well as antitrust and consumer protection regulations. Regulations may be especially strict in those countries in which we are considered to hold a significant market position (Ukraine, Pakistan and Uzbekistan), a dominant market position (Russia and Kazakhstan) or are considered a dominant company (Kyrgyzstan). The applicable rules are generally subject to different interpretations and the relevant authorities may challenge the positions that we take. As we expand certain areas of our business and provide new services, such as MFS, DFS, banking, digital content, other non-connectivity services, or value-added and internet-based services, we may be subject to additional laws and regulations. For more on risks related to MFS and DFS, see - "*Our Mobile Financial Services ("MFS") and Digital Financial Services ("DFS") offerings are complex and increase our exposure to fraud, money laundering and reputational risk.*" Regulatory compliance may be costly and involve a significant expenditure of resources, thus negatively affecting our financial condition and results of operations.

Certain regulations may require us to reduce retail prices, roaming prices or mobile and/or fixed-line termination rates, require us to offer access to our network to other operators, or result in the imposition of fines if we fail to fulfill our service commitments. In some countries, we are required to obtain approval for offers and advertising campaigns, which can delay our marketing campaigns and require restructuring of business initiatives. We may also be required to obtain approvals for certain acquisitions, reorganizations or other transactions, and failure to obtain such approvals may impede or harm our business and our ability to adjust our operations or acquire or divest of businesses or assets. Laws and regulations in some jurisdictions oblige us to install surveillance, interception and data retention equipment to ensure that our networks are capable of allowing the government to monitor data and voice traffic on our networks. The nature of our business also subjects us to certain regulations regarding open internet access or net neutrality.

Regulatory requirements impact our business operations and may affect our financial performance. We face regulatory risks and costs in each of the markets in which we operate and may be subject to additional regulations in future. Any failure on

our part to comply with these laws and regulations can result in negative publicity, diversion of management time and effort, increased competitive and pricing pressure on our operations, significant liabilities, third party civil claims and other penalties or otherwise harm our business, financial condition, results of operations, cash flows or prospects.

We are subject to anti-corruption laws in multiple jurisdictions.

We operate in countries which pose elevated risks of corruption and are subject to a number of anti-corruption laws, including the US Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act and the anti-corruption provisions of the Dutch Criminal Code in the Netherlands. An investigation into allegations of non-compliance or a finding of non-compliance with anti-corruption laws or other laws governing the conduct of business may subject us to administrative and other financial costs, reputational damage, criminal or civil penalties or other remedial measures, which could harm our business, financial condition, results of operations, cash flows or prospects. Anti-corruption laws generally prohibit companies and their intermediaries from promising, offering or giving a financial or other advantage to someone for the purpose of improperly obtaining or retaining business or rewarding improper performance of a function. The FCPA further requires US issuers to maintain accurate books and records and devise a system of sufficient internal controls. We regularly review and update our policies and procedures and internal controls designed to provide reasonable assurance that we and our employees comply with the anti-corruption laws to which we are subject, although we cannot guarantee that these efforts will be successful.

We attempt to obtain assurances from distributors and other intermediaries, through contractual and other legal obligations, that they also will comply with anti-corruption laws applicable to them and to us. However, these efforts to secure legal commitments are not always successful. There are inherent limitations to the effectiveness of any policies, procedures and internal controls, including the possibility of human error and the circumvention or overriding of the policies, procedures and internal controls. There can be no assurance that such policies or procedures or internal controls will work effectively at all times or protect us against liability under anti-corruption or other laws for actions taken by our employees, distributors and other intermediaries with respect to our business or any businesses that we may acquire.

New intellectual property laws or regulations may require us to invest substantial resources in compliance or may be unclear.

Current and new intellectual property laws may affect the ability of companies, including us, to protect their innovations and defend against claims of intellectual property rights infringement. The costs of compliance with these laws and regulations are high and are likely to increase in the future. Claims have been, or may be threatened and/or filed against us for intellectual property infringement based on the nature and content in our products and services, or content generated by our users.

Anti-terror legislation passed in Russia and other jurisdictions could result in additional operating costs and capital expenditures.

Federal Law No 374-FZ (the "Yarovaya law") amended anti-terrorism legislation and imposed certain obligations on communication providers, including a requirement to store information evidencing receipt, transmission, delivery and/or processing of voice data, text messages, pictures, sounds, videos or meta-data reflecting these communications for a period of three years and a requirement to store the contents of such communications for a period of up to six months. This requirement came into force on July 1, 2018 for voice traffic and on October 1, 2018 for data traffic. In addition, the Yarovaya law requires communication providers to supply information to investigation and prosecution authorities about users and any other information "which is necessary for these authorities to achieve their statutory goals" including any information and codes necessary to decode the information. Furthermore, under other local Russian law, operators are required to block services for users whose personal data does not correspond to the data registered and stored by the operator. Failure to comply with this law may lead to administrative fines and could impact the effectiveness of our licenses. The implementation and support of measures to comply with the legislation led to substantial investments for the design of our IT systems in Russia and the purchase of specialized equipment and tools. The Russian authorities require, among other things, the use of specific storage equipment (such as data storage, interception devices, fiberoptic cables and technical platforms). We estimate that total Yarovaya law-related expenditures will be RUB 45 billion over five years starting from 2018. Although the Yarovaya-law-related investment plans are progressing in alignment with legal requirements, it is possible that in the future the Russian Government will adopt additional requirements in this area which will lead to additional expenditures or otherwise necessitate additional investments to be compliant.

Similar legislation has been implemented, or is being contemplated, in other markets in which we operate. Compliance with such measures may require substantial costs and management resources and conflict with our legal obligations in other countries. Failure to comply may lead to administrative fines, impair our ability to operate or cause reputational damage. In addition, compliance with any such obligations may prompt allegations related to data privacy or human rights concerns, which could in turn result in reputational harm or otherwise impact our ability to operate or our results of operations.

Laws restricting foreign investment could materially harm our business.

We could be materially harmed by new or existing laws restricting foreign investment. For example, in Russia, there are a number of laws regulating foreign investment. Federal Law No. 57-FZ "On the Procedure for Foreign Investments in Business Entities of Strategic Importance for National Defense and State Security" (the "Russian Foreign Investment Law") limits foreign investment in companies that are deemed to be strategic. Our Russian subsidiary, PJSC VimpelCom, is deemed to be a strategic enterprise under the Russian Foreign Investment Law. As a result, any acquisition by a foreign investor of direct or indirect control over more than 50% of its voting shares, or 25% in the case of a company controlled by a foreign government, requires the prior approval of the Government Commission on Control of Foreign Investment in the Russian Federation. The Federal Antimonopoly Service of the Russian Federation (the "FAS") which administers the application of the Russian Foreign Investment Law, has in the past challenged acquisitions of our shares by foreign investors. In addition, Federal Law dated July 27, 2006 No. 149-FZ "On the Information, Information Technology and Protection of Information" affects the provision of audio-visual services by foreign entities and local companies with more than 20% of foreign investments or shares. Furthermore, initial drafts of the implementing regulation for Federal Law 187-FZ "On the security of Russia's critical information infrastructure" contain provisions limiting the use of foreign contractors. While the final adopted version of this regulation does not contain such limitations, we cannot guarantee that such limitations will not be introduced in the future.

In Kazakhstan, according to the national security law, a foreign company or individual cannot directly or indirectly own more than a 49% stake in an entity that carries out telecommunications activities as an operator of long-distance or international communications or owns fixed communication lines without the consent of the Kazakhstan government.

Such laws may hinder potential business combinations or transactions resulting in a change of control or our ability to obtain financing from foreign investors should prior approval be refused, delayed or require foreign investors to comply with certain conditions, which could materially harm our business, financial condition, results of operations, cash flows or prospects.

Our licenses are granted for specific periods and may be suspended, revoked or not extended or replaced upon expiration and we may be fined or penalized for alleged violations of law, regulations or license terms.

The success of our operations is dependent on the maintenance of our licenses to provide telecommunications services in the jurisdictions in which we operate. Most of our licenses are granted for specified terms, and there can be no assurance that any license will be renewed upon expiration. Some of our licenses will expire in the near term. For more information about our licenses, including their expiration dates, see — *Business Overview*. These licenses and the frameworks governing their renewals are subject to ongoing review by the relevant regulatory authorities. If renewed, our licenses may contain additional obligations, including payment obligations (which may involve a substantial renewal or extension fee), or may cover reduced service areas or scope of service. Furthermore, the governments in certain jurisdictions in which we operate may hold auctions (including auctions of spectrum for the 4G/LTE or more advanced services such as 5G) in the future. If we are unable to maintain or obtain licenses for the provision of telecommunications services or more advanced services or if our licenses are not renewed or are renewed on less favorable terms, our business and results of operations could be materially harmed.

We are required to meet certain terms and conditions under our licenses (such as nationwide coverage, quality of service parameters and capital expenditure, including network build-out requirements), including meeting certain conditions established by the legislation regulating the communications industry. From time to time, we may be in breach of such terms and conditions. If we fail to comply with the conditions of our licenses or with the requirements established by the legislation regulating the communications industry, or if we do not obtain or comply with permits for the operation of our equipment, use of frequencies or additional licenses for broadcasting directly or through agreements with broadcasting companies, the applicable regulator could decide to levy fines, suspend, terminate or refuse to renew the license or permit. Such regulatory actions could adversely impact our ability to carry on our business in the current or planned manner or to carry out divestitures in the relevant jurisdictions.

The occurrence of any of these events could materially harm our ability to build out our networks in accordance with our plans, our ability to retain and attract customers, our reputation and our business, financial condition, results of operations, cash flows or prospects. For more information on our licenses and their related requirements, see *- Business Overview.*

It may not be possible for us to procure in a timely manner, or at all, the permissions and registrations required for our base stations.

The laws of the countries in which we operate generally prohibit the operation of telecommunications equipment without a relevant permit from the appropriate regulatory body. Due to complex regulatory procedures, it is frequently not possible for us to procure in a timely manner, or at all, the permissions and registrations required for our base stations, including construction permits and registration of our title to land plots underlying our base stations, or to amend or maintain the permissions in a timely manner when it is necessary to change the location or technical specifications of our base stations. At times, there can be a number of base stations or other communications facilities and other aspects of our networks for which we are awaiting final permission to operate for indeterminate periods. This problem may be exacerbated if there are delays in issuing necessary permits.

We also regularly receive notices from regulatory authorities in countries in which we operate warning us that we are not in compliance with aspects of our licenses and permits and requiring us to cure the violations within a certain time period. We have closed base stations on several occasions in order to comply with regulations and notices from regulatory authorities. Any failure

by our company to cure such violations could result in the applicable license being suspended and subsequently revoked through court action. Although we look to take all necessary steps to comply with any license violations within the stated time periods, including by switching off base stations that do not have all necessary permits until such permits are obtained, we cannot assure you that our licenses or permits will not be suspended or revoked in the future. If we are found to operate telecommunications equipment without an applicable license or permit, we could experience a significant disruption in our service or network operation, which could harm our business, financial condition, results of operations, cash flows or prospects.

We collect and process personal data, and are therefore subject to an increasing number of data privacy laws and regulations that may require us to incur substantial costs and implement certain changes to our business practices that may adversely affect our results of operations.

We are subject to various, and at times conflicting, data privacy laws and regulations that apply to the collection, use, storage, disclosure and security of personal data that identifies or may be used to identify an individual, such as names and contact information, IP addresses, (e-mail) correspondence, call detail records and browsing history. Many countries have additional laws that regulate the processing, retention and use of communications data, including metadata. These laws and regulations are subject to frequent revisions and differing interpretations and are becoming more stringent over time.

In general, mobile operators are directly liable for actions of third parties to whom they forward personal data for processing. If severe personal data security breaches are detected, regulatory authorities could sanction our company, including suspending our operations for some time and levying fines and penalties. Violation of these laws by an operator may lead to a seizure of the operator's database and equipment, imposition of administrative sanctions (including in the form of fines, suspension of activities or revocation of license) or result in a ban on the processing of personal data by such operator, which, in turn, could lead to the inability to provide services to our customers. The occurrence of any of the aforementioned events, individually or in the aggregate, could harm our brand, business, financial condition, results of operations or prospects.

Many of the jurisdictions in which we operate have laws that restrict cross border data transfers unless certain criteria are met and/or are developing or implementing laws on data localization requiring data to be stored locally. These laws may restrict our flexibility to leverage our data and build new, or consolidate existing, technologies, databases and IT systems, limit our ability to use and share personal data, cause us to incur costs, require us to change our business practices in a manner adverse to our business or conflict with other laws we are subject to, exposing us to regulatory risk. The stringent cross-border transfer rules in certain jurisdictions may also prohibit us from disclosing data to foreign authorities upon their request, which may generate a scenario where it is not possible for us to comply with both laws. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business and results of operations. We are subject to a variety of data protection regulations. For example, the European Union introduced a data protection framework, the General Data Protection Regulation (GDPR), which came into effect on May 25, 2018. The GDPR implements more stringent operational requirements for processors and controllers of personal data. The GDPR is applicable to companies that are established in the European Union, or companies that offer goods and services to, or monitor the behavior of, individuals within the European Union. The GDPR is also still applicable for the United Kingdom during its transition out of the European Union, from January 31, 2020 to December 31, 2020. While we believe that the processing of personal data by only a limited number of entities, including our Amsterdam and London offices and central operating entities within the European Union and the United Kingdom, are subject to GDPR, our operations in other markets may also become subject to this regulation, under certain circumstances, e.g. if such operations involve the offering of goods or services to, or monitoring the behavior of, individuals in the European Union and the United Kingdom. In addition, in Russia and certain other jurisdictions in our footprint, we are subject to certain data protection and other laws and regulations that establish different categories of information with different corresponding levels of protection, permitted registration, disclosure and required safeguards. These categories include state secret information and other data, including personal data of our customers and of other persons (such as our employees and third-party supplies and other counter-parties), privacy of communications and information on rendered telecommunications services. In each case, the operators must implement the required level of data protection and cooperate with government authorities on law enforcement disclosures for state secrets and personal data of customers. The ability to disclose certain types of data to affiliates or governmental authorities may be substantially restricted.

The laws and regulations regarding data privacy may become more stringent over time. For example, the European Commission has also proposed a draft of the new ePrivacy Regulation on January 10, 2017. The current draft of the ePrivacy Regulation is going through the EU legislative process and is intended to replace the 2002/58 e-Privacy Directive. When it comes into effect, it is expected to regulate the processing of electronic communications data carried out in connection with the provision and the use of publicly available electronic communications services to users in the European Union, regardless of whether the processing itself takes place in the European Union. Unlike the current ePrivacy Directive, the draft ePrivacy Regulation will likely apply to over-the-top service providers as well as traditional telecommunications service providers (including the requirements on data retention and interception and changes to restrictions on the use of traffic and location data). VEON entities established in the European Union which process such electronic communications data are likely to be subject to this regime. The current draft of the ePrivacy Regulation also regulates the retention and interception of communications data as well as the use of location and traffic data for value added services, imposes stricter requirements on electronic marketing, and changes to the requirements for use of tracking technologies like cookies. This could broaden the exposure of our business lines based in the European Union to data protection liability, restrict our ability to leverage our data and increase the costs of running those businesses. The draft also significantly increases penalties.

Any failure or perceived failure by us to comply with privacy or security laws, policies, legal obligations or industry standards may result in governmental enforcement actions and investigations, blockage or limitation of our services, fines and penalties. If the third parties we work with violate applicable laws, contractual obligations or suffer a security breach, such violations may also put us in breach of our obligations under privacy laws and regulations and/or could in turn have a material adverse effect on our business. In addition, concerns regarding our practices with regard to the collection, use, disclosure or security of personal information or other privacy-related matters could result in negative publicity and have an adverse effect on our reputation and business.

We could be subject to tax claims and repeated tax audits that could harm our business.

Tax declarations together with related documentation are subject to review and investigation by a number of authorities in many of the jurisdictions in which we operate, which are empowered to impose fines and penalties on taxpayers. Tax audits may result in additional costs to our group if the relevant tax authorities conclude that entities of the group did not satisfy their tax obligations in any given year. Such audits may also impose additional burdens on our group by diverting the attention of management resources.

Tax audits in the countries in which we operate are conducted regularly, but their outcomes may not be fair or predictable. We have been subject to substantial claims by tax authorities in Russia, Algeria, Egypt, Pakistan, Bangladesh, Ukraine, Kazakhstan, Armenia, Georgia, Uzbekistan, and Kyrgyzstan. These claims have resulted, and future claims may result, in additional payments, including interest, fines and other penalties, to the tax authorities.

There can be no assurance that we will prevail in litigation with tax authorities and that the tax authorities will not claim that additional taxes, interest, fines and other penalties are owed by us for prior or future tax years, or that the relevant governmental authorities will not decide to initiate a criminal investigation or prosecution, or expand existing criminal investigations or prosecutions, in connection with claims by tax inspectorates, including those relating to individual employees and for prior tax years. In Russia, for example, tax returns remain open and subject to inspection by tax or customs authorities for three calendar years immediately preceding the year in which the decision to conduct an audit is taken. Laws enacted in Russia in recent years increase the likelihood that our tax returns that were reviewed by tax authorities could be subject to further review or audit during or beyond the eligible three-year limitation period by a superior tax authority. We have also been the subject of repeat complex and thematic tax audits in Kazakhstan and Kyrgyzstan, which, in some instances, have resulted in payments made under protest pending legal challenges and/or to avoid the initiation or continuation of associated criminal proceedings. The outcome of these audits, including where the relevant tax authorities may conclude that we had significantly underpaid taxes relating to earlier periods, could harm our business, financial condition, results of operations, cash flows or prospects.

The adverse or delayed resolution of tax matters could harm our business, financial condition and results of operations. For more information regarding tax claims and tax provisions and liabilities and their effects on our financial statements, see *Note 8 - Provisions and Contingent Liabilities* to our Audited Consolidated Financial Statements.

Changes in tax treaties, laws, rules or interpretations could have a material adverse effect on our business, and the unpredictable tax systems in the markets in which we operate give rise to significant uncertainties and risks that could complicate our tax planning and business decisions.

The introduction of new tax laws or the amendment of existing tax laws could have a material adverse impact on our business, financial performance and results of operations. Our business decision take into account certain taxation scenarios, which could be prove to be untrue in the event of an adverse decisions by tax authorities or changes in tax treaties, laws, rules or interpretations. For example, we are vulnerable to changes in tax laws, regulations and interpretations in the Netherlands, our current resident state for tax purposes, including the enforcement of tax law. Additionally, as European and other tax laws and regulations are complex and subject to varying interpretations, we cannot be sure that our interpretations are accurate or that the responsible tax authority agrees with our views. If our tax positions are challenged by the tax authorities, we could incur additional tax liabilities, which could increase our costs of operations and have a material adverse effect on our business, financial condition or results of operations. The introduction of new tax laws or the amendment of existing tax laws, such as those relating to transfer pricing rules or the deduction of interest expenses in the markets in which we operate, may also increase the risk of adjustments being made by the tax authorities and, as a result, could have a material adverse impact on our business, financial performance and results of operations. For example, within the Organisation for Economic Co-operation and Development ("OECD") there is an initiative aimed at avoiding base erosion and profit shifting ("BEPS") for tax purposes. This OECD BEPS project has resulted in further developments in other countries and in particular in the European Union. One of the developments is the agreement on the EU Anti-Tax Avoidance Directive ("ATAD"). All EU Member States must implement the minimum standards as set out in the ATAD. The implementation of these measures against tax avoidance in the legislation of the jurisdictions in which we do business could have a material adverse effect on us.

These considerations are compounded by the fact that the interpretation and enforcement of tax laws in the emerging markets in which we operate tend to be unpredictable and give rise to significant uncertainties, which could complicate our tax planning and business decisions. Any additional tax liability imposed on us by tax authorities in this manner, as well as any unforeseen changes in applicable tax laws or changes in the tax authorities' interpretations of the respective double tax treaties in effect, could harm our future results of operations, cash flows or the amounts of dividends available for distribution to shareholders in a particular period. For example, Russia has increased value-added tax from 18% to 20% as of January 1, 2019 and introduced a new set of tax rules concerning so called "electronic services" that potentially could affect the tax burden of telecommunications companies.

In addition, in recent years, the Russian tax authorities have aggressively brought tax evasion claims relating to Russian companies' use of tax-optimization schemes, and press reports have speculated that these enforcement actions have been selective and politically motivated. Furthermore, we may be required to accrue substantial amounts for contingent tax liabilities and the amounts accrued for tax contingencies may not be sufficient to meet any liability we may ultimately face. From time to time, we may also identify tax contingencies for which we have not recorded an accrual. Such unaccrued tax contingencies could materialize and require us to pay additional amounts of tax.

Geopolitical Risks

Violations of and changes to applicable sanctions and embargo laws may harm our business.

Authorities have imposed significant penalties for companies that fail to comply with the requirements of applicable sanctions and embargo laws and regulations. We are subject to certain sanctions and embargo laws and regulations of the United States, the United Nations, the European Union, the United Kingdom and the jurisdictions in which we operate. Sanctions and embargo laws and regulations generally establish the scope of their own application, and applications can arise for a number of reasons and can differ greatly by jurisdiction. The scope of such laws and regulations may be expanded, sometimes without notice, in a manner that could materially adversely affect our business, financial condition, results of operations, cash flows or prospects. Notwithstanding our policies and compliance controls, we may be found in the future to be in violation of applicable sanctions and embargo laws, particularly as the scope of such laws may be unclear and subject to discretionary interpretations by regulators, which may change over time. If we fail to comply with applicable sanctions or embargo laws and regulations, we could suffer severe operational, financial or reputational consequences. Moreover, certain of our financing arrangements include representations and covenants requiring compliance with or limitation of activities under sanctions and embargo laws and regulations of certain additional jurisdictions, the breach of which may trigger mandatory prepayment requirements in the event of a breach thereof. For a discussion of risks related to export and re-export restrictions, see *Operational Risks - "We depend on third parties for certain services and products important to our business."*

Our operations may be adversely affected by ongoing developments in Russia and Ukraine.

The current situation in Russia and Ukraine, and the related responses of the United States, member states of the European Union, the European Union itself, the United Kingdom and certain other nations, have the potential to materially adversely affect our business in Russia and Ukraine where we have significant operations.

Beginning in 2014, in connection with the situation in Russia and Ukraine, the United States, the European Union, and a number of other countries have imposed sanctions that block the property of certain designated businesses, organizations and individuals, prohibit certain types of transactions with specifically designated businesses operating in certain sectors of the Russian economy, currently including the financial services, energy and defense sectors and restrict investment in and trade with Crimea. Under the U.S. sanctions regime, even non-U.S. persons who engage in certain prohibited transactions may be exposed to secondary sanctions, such as the denial of certain privileges, including financing and contracting with U.S. persons or within the United States. In addition, the United States and the European Union have implemented certain export control restrictions related to Russia's energy sector and military capabilities. Ukraine has also enacted sanctions with respect to certain Russian entities and individuals. Russia has responded to such international and Ukrainian restrictions and sanctions with countermeasures such as enacting sanctions with respect to certain Ukrainian individuals and entities, limiting the import of certain goods from the United States, the European Union, Ukraine and other countries, imposing visa bans on certain persons and imposing restrictions on the ability of Russian companies to comply with sanctions imposed by other countries. Tensions elevated between Russia and Ukraine when a coast guard incident occurred in the Kerch Strait on November 25, 2018. In response, the United States, the European Union and Ukraine each enacted new rounds of sanctions against Russia in March 2019. In April and December 2019, Russia also introduced additional sanctions against Ukraine, such as banning certain imports and exports between the two countries.

Such sanctions, export controls and/or other measures, including sanctions on additional persons or businesses (including vendors, joint venture and business partners, affiliates and financial institutions), could materially adversely affect our business, financial condition, results of operations, cash flows or prospects. Increased tensions between Russia and Ukraine and the continued imposition of sanctions and export controls, including prohibitions and restrictions on conducting business with certain individuals and entities, could have a material adverse effect on our businesses in Ukraine and Russia, which in turn could harm our business, financial condition, results of operations, cash flows or prospects.

Our business operations in Ukraine have been affected by the dispute. Ukraine assigned a "temporary occupied territories" status to Crimea and a "united forces operation" zone status to certain eastern Ukraine regions which are currently not under the Ukrainian government's full control, and imposed certain restrictions and prohibitions on trade in goods and services in such territories. Our Ukrainian subsidiary, Kyivstar JSC ("Kyivstar"), shut down its network in Crimea in 2014 as well as its network in certain parts of Eastern Ukraine in 2015 and, in each case, has written off the relevant assets. Under the terms of its telecommunications licenses, Kyivstar is obliged to provide services throughout Ukraine. Kyivstar has notified the regulatory authorities that Kyivstar has stopped providing services in these areas and has requested clarification from such authorities regarding telecommunications operations in such areas. Since September 2014, legislation has been in effect in Ukraine that authorizes the cancellation of telecommunications licenses for sanctioned parties. There can be no assurance that the escalation of the current

situation will not lead to the cancellation or suspension of, or other actions under, certain or all of our Ukrainian telecommunications licenses, or other sanctions.

Recently, Russia and Ukraine have signaled a mutual interest in peace in eastern Ukraine. In December 2019, the Russian and Ukrainian presidents met in Paris for face-to-face peace talks and committed to a comprehensive cease-fire and a release of conflict-related detainees. Although recent peace talks aim to reduce the conflict between Russia and Ukraine, the situation in eastern Ukraine and Crimea remains fragile, and may in the future result in damage or loss of assets, disruption of services and regulatory issues which has, and may in the future, adversely impact our group. We are not able to predict further developments on this issue, including when these measures will cease to be in effect. There also may be additions to the designated persons or business lists or other expansions of the U.S., EU and/or other sanctions that target Russia and restrict dealings related to Crimea in the future. The U.S. government stated in early 2020 that Crimea-related sanctions will remain in place until military aggression leading to the loss of civilian lives fully stops in the region. It is possible that these sanctions will be in effect for the foreseeable future. The European Union also extended certain sanctions related to Russia and Crimea in March 2019, June 2019 and December 2019. If there were an extended continuation or further increase in conflict in Crimea or in eastern Ukraine, it could result in further instability and/or worsening of the overall political and economic situation in Ukraine, Russia, Europe and/or in the global economy and capital markets generally. This instability could harm our business, financial condition, results of operations, cash flows or prospects. We could also be materially adversely impacted by a decline of the Russian ruble against the U.S. dollar or the euro and the general economic performance of Russia, by, for example, the decline of the Russian ruble against the U.S. dollar and euro, investment in Russia or trade with Russian companies decreasing substantially and the Russian government experiencing difficulty raising money through the issuance of debt in the global capital markets. For a discussion of our foreign currency risk, see *Market Risks - "We are exposed to foreign currency exchange loss and currency fluctuation and translation risks.*" As we derive a significant portion of our revenue from our Russian and Ukrainian operations, such developments and measures could have a material adverse impact on our group.

Investors in emerging markets, where our operations are located, are subject to greater risks than investors in more developed markets, including significant political, legal and economic risks, as well as risks related to fluctuations in the global economy.

Most of our operations are in emerging markets. Investors should fully appreciate the significance of the risks involved in investing in an emerging markets company and are urged to consult with their own legal, financial and tax advisors. Emerging market governments and judiciaries often exercise broad, unchecked discretion and are susceptible to abuse and corruption and rapid reversal of political and economic policies on which we depend. Political and economic relations among the countries in which we operate are often complex and have resulted, and may in the future result, in conflicts, which could materially harm our business, financial condition, results of operations, cash flows or prospects. The economies of emerging markets are also vulnerable to market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in these markets and materially adversely affect their economies. Turnover of political leaders or parties in emerging markets as a result of a scheduled election upon the end of a term of service or in other circumstances may also affect the legal and regulatory regime in those markets to a greater extent than turnover in established countries. Any of these developments could severely limit our access to capital and could materially harm the purchasing power of our customers and, consequently, our business.

Such events may create uncertain regulatory environments, which in turn could impact our compliance with license obligations and other regulatory approvals. The nature of much of the legislation in emerging markets, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the legal and regulatory systems in emerging markets place the enforceability and, possibly, the constitutionality of laws and regulations in doubt and result in ambiguities, inconsistencies and anomalies. The legislation often contemplates implementing regulations that have not yet been promulgated, leaving substantial gaps in the regulatory infrastructure. Any of these factors could affect our ability to enforce our rights under our licenses or our contracts, or to defend our company against claims by other parties.

Many of the emerging markets in which we operate are susceptible to significant social unrest or military conflicts. The local authorities may order our subsidiaries to temporarily shut down their entire network or part or all of our networks may be shut down due to actions relating to military conflicts or nationwide strikes. For example, our subsidiary in Pakistan is ordered to shut down parts of its mobile network and services from time to time due to the security situation in the country. Governments or other factions, including those asserting authority over specific territories in areas of conflict, could make inappropriate use of the network, attempt to compel us to operate our network in conflict zones or disputed territories and/or force us to broadcast propaganda or illegal instructions to our customers or others (and threaten consequences for failure to do so). Forced shutdowns, inappropriate use of our network or being compelled to operate our network in conflict zones or broadcast propaganda/illegal instructions could materially harm our business, financial condition, results of operations, cash flows or prospects.

Social instability in the countries in which we operate, coupled with difficult economic conditions, could lead to increased support for centralized authority and a rise in nationalism. These sentiments could lead to restrictions on foreign ownership of companies in the telecommunications industry or nationalization, expropriation or other seizure of certain assets or businesses. In most of the countries in which we operate, there is relatively little experience in enforcing legislation enacted to protect private property against nationalization or expropriation. As a result, we may not be able to obtain proper redress in the courts, and we may not receive adequate compensation if in the future the governments decide to nationalize or expropriate some or all of our assets. In addition, ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases,

military conflict. The spread of violence, or its intensification, could have significant political consequences, including the imposition of a state of emergency, which could materially adversely affect the investment environment in the countries in which we operate.

The physical infrastructure in many countries in which we operate is in poor condition and further deterioration in the physical infrastructure could harm our business.

In many countries in which we operate, the physical infrastructure, including transportation networks, power generation and transmission and communications systems, is in poor condition. In some of the countries in which we operate, such as Russia, the public switched telephone networks have reached capacity limits and need modernization, which may inconvenience our customers and will require us to make additional capital expenditures. In addition, some of the markets in which we operate are vulnerable to extreme weather, the occurrence of which could result in disruptions or damage to our networks, or to military conflict which could result in damage our physical infrastructure.

Continued growth in local, long distance and international traffic, including that generated by our customers, and development in the types of services provided may require substantial investment in public switched telephone networks. Any efforts to modernize infrastructure may result in increased charges and tariffs, potentially adding costs to our business. The deterioration of the physical infrastructure harms the economies of these countries, disrupts the transportation of goods and supplies, adds costs to doing business and can interrupt business operations. Further deterioration in the physical infrastructure in many of the countries in which we operate could harm our business, financial condition, results of operations, cash flows or prospects.

The banking systems in many countries in which we operate remain underdeveloped, there are a limited number of creditworthy banks in certain of these countries with which we can conduct business, and currency control requirements restrict activities in certain markets in which we have operations.

The banking and other financial systems in many countries in which we operate are not well developed or regulated, and laws relating to banks and bank accounts are subject to varying interpretations and inconsistent applications. Such banking risk cannot be completely eliminated by diversified borrowing and conducting credit analyses. Uncertain banking laws may also limit our ability to attract future investment. A banking crisis in any of these countries affecting the capacity for financial institutions to lend or fulfill their existing obligations or the bankruptcy or insolvency of the banks from which we receive, or with which we hold, our funds could result in the loss of our deposits, the inability to borrow or refinance existing borrowings or otherwise negatively affect our ability to complete banking transactions in these countries, which could harm our business, financial condition and results of operations.

In addition, central banks and governments in the markets in which we operate may restrict or prevent international transfers or impose foreign exchange controls or other currency restrictions, which could prevent us from making payments, including the repatriation of dividends and payments to third party suppliers. For more information on currency restrictions, see *Note 17 — Financial Risk Management — Liquidity Risks — Currency Control Risks.* Furthermore, banks have limitations on the amounts of loans that they can provide to single borrowers, which could limit the availability of functional currency financing and refinancing of existing borrowings in these countries. There can be no assurance that we will be able to obtain approvals under the foregoing restrictions or limitations, each of which could harm our business, financial condition, cash flows, results of operations or prospects.

Other Risks

A disposition by our largest shareholder of its stake in VEON Ltd. could harm our business.

We derive benefits and resources from the participation of our largest shareholder, L1T VIP Holdings S.à r.l. ("LetterOne"), in our company such as industry expertise, management oversight and business acumen. Historically, we derived the same benefits from Telenor ASA ("Telenor"), until it fully divested its interest in VEON Ltd. ADSs in November 2019. For additional information on Telenor's divestment, see - *Major Shareholders*. Should LetterOne undertake a divestment of its stake, we would be deprived of those benefits, which could harm our business, financial condition, results of operations, cash flows or prospects.

Our largest shareholder may pursue diverse development strategies, which may hinder our ability to expand or compete in certain regions.

LetterOne is VEON Ltd.'s largest shareholder, beneficially owning approximately 47.85% of our issued and outstanding shares as of March 1, 2020. In addition, LetterOne is the holder of the depositary receipts issued by Stichting Administratiekantoor Mobile Telecommunications Investor ("Stichting"), which represents an additional 8.31% of VEON Ltd.'s issued and outstanding shares as of March 1, 2020, and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts and, indirectly, of the common shares represented by the depositary receipts. Stichting, however, has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion, in accordance with the Conditions of Administration and Stichting's articles of association. For more information, see — *Major Shareholders.*

As a result, LetterOne has some ability to influence the outcome of matters submitted to our shareholders for approval and, through our cumulative voting procedures, the election of members to our board or, alternatively, could enter into a shareholders' or similar agreement impacting the composition of our board. A new board could take corporate actions or block corporate decisions by VEON Ltd. with respect to capital structure, financings, dispositions, acquisitions and commercial transactions that might not be in the best interest of the minority shareholders or other security holders.

At various times our shareholders, including LetterOne, have had different strategies from us and from one another and have engaged in litigation against our company with respect to disagreements over strategy. In addition, we understand that LetterOne has a minority interest in companies that compete with our subsidiary in Ukraine.

Our business may be adversely impacted by work stoppages and other labor matters.

Although we consider our relations with our employees to be generally good, there can be no assurance that our operations will not be impacted by unionization efforts, strikes or other types of labor disputes or disruptions. For instance, employee dissatisfaction or labor disputes could result from the implementation of internal operational and team adjustments (which have recently included, and are expected to include redundancies in our Amsterdam and London offices) necessary to implement our new operating model as part of our continued strategy and efforts to further reduce corporate costs. We may also experience strikes or other labor disputes or disruptions in connection with social unrest or political events. For a discussion of our employees represented by works councils, unions or collective bargaining agreements, see — *Directors, Senior Management and Employees — Employees*. The ability to work can also be impacted due to natural disasters, civil unrest or security breaches/threats, making access to work places and management of systems difficult. Furthermore, work stoppages or slow-downs experienced by our customers or suppliers could result in lower demand for our services and products. In the event that we, or one or more of our customers or suppliers, experience a labor dispute or disruption, it could result in increased costs, negative media attention and political controversy, and harm our business, financial condition, results of operations, cash flows or prospects.

Adoption of new accounting standards could affect reported results and financial position.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Accounting standardization bodies and those who interpret the accounting standards, the SEC, and our independent registered public accounting firm may change accounting regulations that govern the preparation and presentation of our financial statements or amend or even reverse their previous interpretations or positions on how various standards should be applied. Those changes may be difficult to predict and could have a significant impact on the way we account for certain operations and present our financial position and operating income. In some instances, a modified standard or a new requirement with retroactive nature may have to be implemented, which requires us to restate previous financial statements, or otherwise impact how we prepare and report our financial statements.

For more information on the impact of IFRS on our Audited Consolidated Financial Statements and on the implementation of new standards and interpretations issued, see — *Operating and Financial Review and Prospects — Key Developments During 2019* and *Note 24 — Significant Accounting Policies* to our Audited Consolidated Financial Statements.

Risks Related to the Ownership of our ADSs

Our ADS price may be volatile, and purchasers of ADSs could incur substantial losses.

Our ADS price may be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, holders of our ADSs may not be able to sell their ADSs at or above the price at which they purchase our ADSs. The market price for our ADSs may be influenced by many factors, including:

- the success of competitive products or technologies;
- the issuance of new shares or sales of shares by major shareholders or the perception that such issuances or sales could occur;
- regulatory developments in the foreign countries in which we operate;
- developments or disputes concerning licenses or other proprietary rights;
- the recruitment or departure of key personnel;
- quarterly or annual variations in our financial results or those of companies that are perceived to be similar to us;
- market conditions in the industries in which we compete and issuance of new or changed securities analysts' reports or recommendations;
- the failure of securities analysts to cover our shares or changes in financial estimates by analysts;
- investor perception of our company and of the industry in which we compete; and

- general economic, political and market conditions.

Various factors may hinder the declaration and payment of dividends.

The payment of dividends is subject to the discretion of VEON Ltd.'s board and VEON Ltd.'s assets consist primarily of investments in its operating subsidiaries. For the financial year ended December 31, 2019, we paid a dividend in the aggregate amount of US$0.28 per share, comprised of a dividend of US$0.13 per share having a record date of August 14, 2019 and paid on August 22, 2019, and a dividend of US$0.15 per share having a record date of February 27, 2020 and paid on March 5, 2020. Various factors may cause the board to determine not to pay dividends or not to increase dividends from current levels. Such factors include VEON Ltd.'s financial condition, its earnings and equity free cash flow, the movement of the U.S. dollar against VEON's local currencies, its leverage, its capital requirements, contractual restrictions, legal proceedings and other such factors as VEON Ltd.'s board may consider relevant. For more information on our policy regarding dividends, see — *Consolidated Statements and Other Financial Information — Policy on Dividend Distributions* and *Operational Risks — "As a holding company, VEON Ltd. depends on the performance of its subsidiaries and their ability to pay dividends, and may therefore be affected by changes in exchange controls and currency restrictions in the countries in which its subsidiaries operate.*"

Holders of our ADSs may not receive distributions on our common shares or any value for them if it is illegal or impractical to make them available to them.

The depositary of our ADSs has agreed to pay holders of our ADSs the cash dividends or other distributions it or the custodian for our ADSs receives on our common shares or other deposited securities after deducting its fees and expenses. Holders of our ADSs will receive these distributions in proportion to the number of our common shares that their ADSs represent. However, the depositary is not responsible for making such payments or distributions if it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if such distribution consists of securities that require registration under the Securities Act but that are not properly registered or distributed pursuant to an applicable exemption from registration. The depositary is not responsible for making a distribution available to any holders of ADSs if any government approval or registration required for such distribution cannot be obtained after reasonable efforts made by the depositary. We have no obligation to take any other action to permit the distribution of our ADSs, common shares, rights or anything else to holders of our ADSs. This means that holders of our ADSs may not receive the distributions we make on our common shares or any value for them if it is illegal or impractical for us to make them available. These restrictions may materially reduce the value of the ADSs.

VEON Ltd. is a Bermuda company governed by Bermuda law, which may affect your rights as a shareholder or holder of ADSs, including your ability to enforce civil liabilities under U.S. securities laws.

VEON Ltd. is a Bermuda exempted company. As a result, the rights of VEON Ltd.'s shareholders are governed by Bermuda law and by VEON Ltd.'s bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. In addition, holders of ADSs do not have the same rights under Bermuda law and VEON Ltd.'s bye-laws as registered holders of VEON Ltd.'s common shares. As substantially all of our assets are located outside the United States, it may be difficult for investors to enforce in the United States judgments obtained in U.S. courts against VEON or its directors and executive officers based on civil liability provisions of the U.S. securities laws. Uncertainty exists as to whether courts in Bermuda will enforce judgments obtained in other jurisdictions, such as the United States and the Netherlands, under the securities laws of those jurisdictions, or entertain actions in Bermuda under the securities laws of other jurisdictions.

As a foreign private issuer within the meaning of the Exchange Act and the rules of NASDAQ, we are subject to different U.S. securities laws and NASDAQ governance standards than domestic U.S. issuers. This may afford less protection to holders of our securities, and such holders may not receive corporate and company information and disclosure that they are accustomed to receiving or in a manner in which they are accustomed to receiving it.

As a foreign private issuer, the rules governing the information that we disclose differ from those governing U.S. corporations pursuant to the Exchange Act. Although we currently report periodic financial results and certain material events, we are not required to file quarterly reports on Form 10-Q or provide current reports on Form 8-K disclosing significant events within four business days of their occurrence. In addition, we are exempt from the SEC's proxy rules, and proxy statements that we distribute will not be subject to review by the SEC. Our exemption from Section 16 rules regarding sales of our shares by insiders means that holders of our securities will have less data in this regard than shareholders of U.S. companies that are subject to this part of the Exchange Act. As a result, holders of our securities may not have all the data that they are accustomed to having when making investment decisions with respect to domestic U.S. public companies.

While our ADSs are listed on the NASDAQ Global Select Market, as a Bermuda company, we are permitted to follow "home country practice" in lieu of certain corporate governance provisions under the NASDAQ listing rules that are applicable to a U.S. company. Accordingly, VEON's shareholders do not have the same protections as are afforded to shareholders of companies that are subject to all of NASDAQ's corporate governance requirements. The primary difference between our corporate governance practices and the NASDAQ rules relates to NASDAQ listing rule 5605(b)(1), which provides that each U.S. company listed on

Nasdaq must have a majority of independent directors, as defined in the NASDAQ rules. Bermuda law does not require that we have a majority of independent directors and, as a foreign private issuer, we are exempt from complying with this NASDAQ requirement.

Holders of ADSs may be restricted in their ability to exercise voting rights and the information provided with respect to shareholder meetings.

Holders of ADSs generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the equity shares represented by such holders' ADSs. At our request, the depositary will mail to holders any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the common shares represented by ADSs. If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities represented by the holder's ADSs in accordance with such voting instructions. However, the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the common shares on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

We could cease to be considered a foreign private issuer if a majority of our outstanding voting securities are directly or indirectly held of record by U.S. residents and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Based on a review of our register of members maintained in Bermuda, as of March 1, 2020, 69.92% of our issued and outstanding common shares were held of record by BNY (Nominees) Limited in the United Kingdom and 30.08% by Nederlands Centraal Instituut Voor Giraal Effectenverkeer B.V. in the Netherlands. As of March 1, 2020, 21 record holders of VEON Ltd.'s ADRs, holding an aggregate of 755,028,329 common shares (representing approximately 42.98% of VEON Ltd.'s issued and outstanding shares), were listed as having addresses in the United States. In the event that we lose our foreign private issuer status, the regulatory and compliance costs to us under U.S. securities laws may be significantly higher than costs we incur as a foreign private issuer, which could have a material adverse effect on our business and financial results.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

For discussion related to our financial condition, changes in financial condition, and the results of operations for 2018 compared to 2017, refer to Operating and Financial Review and Prospects in our Annual Report for the fiscal year ended December 31, 2018, which was filed on March 14, 2019, except with respect to discussion related to the performance of our Kazakhstan segment and cash and deposits subject to currency and contractual restrictions, which can be found below under Results of Operations-Kazakhstan and Liquidity and Capital Resources-Indebtedness-Cash and Deposits Subject to Currency and Contractual Restrictions, respectively.

The following discussion and analysis should be read in conjunction with our Audited Consolidated Financial Statements and the related Notes included in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in the "Risk Factors" section.

OVERVIEW

VEON is a leading global provider of connectivity and internet services, headquartered in Amsterdam. Present in some of the world's most dynamic markets, VEON provides approximately 212 million customers with voice, fixed broadband, data and digital services. VEON, through its operating companies, offers services to customers in 10 countries: Russia, Pakistan, Algeria, Uzbekistan, Ukraine, Bangladesh, Kazakhstan, Kyrgyzstan, Armenia and Georgia. We provide services under the "Beeline," "Kyivstar," "banglalink," "Jazz" and "Djezzy" brands.

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

BASIS OF PRESENTATION OF FINANCIAL RESULTS

Our Audited Consolidated Financial Statements attached hereto have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and adopted by European Union, effective at the time of preparing the consolidated financial statements and applied by VEON.

RECENT ACCOUNTING PRONOUNCEMENTS

For the description of the recent accounting pronouncements and a discussion of our accounting policies please refer to *Note 24 — Significant Accounting Policies* of our Audited Consolidated Financial Statements attached hereto. For more details on the impact of the adoption of IFRS 16 on our results of operations and financial conditions, see — *Recent Developments — IFRS 16 Impact*.

REPORTABLE SEGMENTS

We present our reportable segments based on economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies.

As of December 31, 2019, our reportable segments consist of the following seven segments: Russia, representing our "cornerstone" market; Pakistan, Ukraine, Uzbekistan and Kazakhstan, representing our "growth engines"; and Algeria and Bangladesh, representing our "frontier markets".

We also present our results of operations for our "Other and eliminations" and "HQ" although these are not reportable segments. "Other and eliminations" represents our results of operations in Kyrgyzstan, Armenia and Georgia, as well as intercompany eliminations and reconciles between our seven reportable segments and our total revenue and Adjusted EBITDA. "HQ" represents transactions related to management activities within the group in Amsterdam, London and Luxembourg and costs relating to centrally managed operations.

KEY DEVELOPMENTS DURING 2019

Issuance of US$700 Million Senior Notes

On October 9, 2019, VEON Holdings issued US$700 million 4.00% senior unsecured notes due 2025 (the "Notes"). VEON Holdings has used the net proceeds of the Notes primarily to refinance drawings on the revolving credit facility used to fund the mandatory tender offer for GTH and for general corporate purposes.

VEON's Free Float Increased to 43.8% After Telenor's Sale of VEON Shares

On November 22, 2019, Telenor East Holding II AS ("Telenor") announced the sale of the remaining balance of their shares in VEON. Telenor held approximately 157 million of VEON Ltd.'s shares, representing approximately 8.9% of VEON's total outstanding equity, and this transaction was in line with Telenor's previously announced intention to fully divest its holdings in VEON. With this sale, the free float of the VEON Group increased from approximately 29.6% to 43.8%. This transaction followed a sale of 100,000,000 common shares in March 2019 and earlier offerings by Telenor in September 2016, April 2017 and September 2017.

VEON's Successful Mandatory Tender Offer in Relation to GTH

On February 10, 2019, VEON submitted a public mandatory cash tender offer ("MTO") with the Egyptian Financial Regulatory Authority for the purchase of up to 1,997,639,608 shares, representing 42.31% of GTH's issued shares, at a price of EGP 5.30 per share. The proposed offer price represented a 45.8% premium over GTH's average three month share price and 50.5% premium over GTH's average six month share price, respectively, to February 7, 2019.

On August 13, 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of GTH's issued shares, in connection with the MTO, which commenced on July 2, 2019. The total price for the purchase of such shares was EGP 5.08. Following the completion of the MTO and as a result of further purchases by GTH, as of September 30, 2019, VEON and GTH hold approximately 98.94% of GTH's total outstanding equity. The MTO was funded by a combination of cash on hand and utilization of undrawn credit facilities.

The transactions represent a purchase of non-controlling interests without a change of control. Consequently, the difference between the book value of non-controlling interests acquired and cash paid were recorded directly within 'Other capital reserves' in the Consolidated Statement of Equity.

Restructuring of GTH

Following the successful completion of the MTO, VEON continued with the restructuring of GTH, which included the successful delisting of GTH's shares from the Egyptian Exchange and the approval of VEON's offer to acquire substantially all of the operating assets of GTH, both of which occurred on September 9, 2019.

Following that approval, VEON completed the intragroup transfers of Jazz, Banglalink and Med Cable. The intragroup transfers for the remainder of GTH's operating assets, including Djezzy and Mobilink are continuing. The operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, and as such, there is no material impact on these consolidated financial statements stemming from these asset transfers.

Monitor Certifies VEON's Compliance Program

On October 31, 2019, VEON announced that the Deferred Prosecution Agreement ("DPA") that VEON entered into with the U.S. Department of Justice ("DOJ") on February 18, 2016 had concluded and the DOJ filed a motion to dismiss the criminal information. This marks the conclusion of the compliance monitorship, conducted in connection with the DPA and VEON's settlement with the U.S. Securities and Exchange Commission. On February 26, 2020, the court granted the motion to dismiss with prejudice and closed the case.

Pakistan License Renewal

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 million per MHz for 900 MHz spectrum and US$30 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 million (excluding applicable taxes of approximately 13%). On August 17, 2019, Jazz appealed the PTA's order to the Islamabad High Court and is now awaiting a date to be scheduled for the hearing. On August 23, 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) pending resolution of the appeal as per the options given in the PTA's order. In September 2019, Jazz deposited 50% of the disputed license renewal fee (approximately US$225 million) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit.

New Strategy Framework

In September 2019, VEON announced a new Strategy Framework, supporting a new long-term vision to empower customer ambitions through guiding choices and connecting customers with resources that match their lifestyle and business needs. VEON also announced the formation of VEON Ventures, a new division tasked with identifying future assets with the potential to scale the Group's existing products and services or offer adjacent revenue opportunities.

VEON Announced New Dividend Policy and Approved 2019 Dividend of US$0.28 Per Share

In September 2019, VEON announced a new dividend policy, which targets paying at least 50% of prior year equity free cash flow after licenses in dividends to shareholders. Dividend payments will always remain subject to review by VEON's Board of Directors, taking into account medium-term investment opportunities and the Group's capital structure.

In line with this dividend policy, VEON's Board of Directors has approved the distribution of a final dividend of US$0.15 per share for the year ended December 31, 2019 which VEON plans to make with a record date of February 27, 2020. For ordinary shareholders at Euronext Amsterdam, the final dividend of US$0.15 will be paid in euro.

This final dividend of US$0.15 per share, together with the US$0.13 per share declared at the interim period brings the total dividend payment for the year ended December 31, 2019 to US$0.28 per share, which represents approximately 70% of 2019 equity free cash flow after licenses. We believe this demonstrates the commitment of the company to return cash to shareholders while managing an appropriate level of Net Debt/EBITDA at the Group level.

EBITDA was Boosted by Exceptional Income of USD 350 Million in Q1 2019

VEON announced in February 2018 a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue Manager Solution. As a result of this arrangement, VEON recorded exceptional income of USD 350 million from Ericsson as EBITDA in Q1 2019.

This revised arrangement enables VEON to continue upgrading its IT infrastructure with new digital business support systems (DBSS) using existing software from Ericsson which is already deployed in certain operating companies within VEON. This upgrade is expected to support the creation of a more personalized, richer experience of VEON's services for customers and, over time, reduce overall operating costs..

US$300 Million Tap Issuance of Existing Senior Notes

On January 14, 2020, VEON Holdings B.V. issued US$300 million in senior unsecured notes due in 2025, to be consolidated and form a single series with the US$700 million 4.00% senior notes due in 2025 issued by VEON Holdings on October 9, 2019. VEON Holdings intends to use the net proceeds of the tap issuance to refinance certain existing outstanding debt and address upcoming debt maturities and for general corporate purposes.

Management Changes

On February 13, 2020, VEON announced the appointment of Sergi Herrero and Kaan Terzioğlu as co-Chief Executive Officers, effective from March 1, 2020. Ursula Burns, who was appointed as Chairman in July 2017 and CEO in December 2018, will remain as VEON's Chairman.

Kaan and Sergi will jointly drive performance in the Group, with complementary focus areas. Kaan will lead on VEON's core telecommunication services and oversee operations in Russia, Kazakhstan, Uzbekistan, Kyrgyzstan and Georgia. Sergi will lead on building new ventures, digital products, partnerships and oversee operations in Pakistan, Ukraine, Algeria, Bangladesh and Armenia.

The co-CEOs will chair their respective local boards, with the exception of Algeria. The role of the boards is to foster growth, monitor progress and oversee operations in each of VEON's operating companies.

VEON Group announced that Vasyl Latsanych is stepping down as CEO of VEON's operations in Russia. Vasyl joined VEON as CEO of Beeline Russia in January 2018 and will step down at the end of June this year. We will announce his successor in due course.

IFRS 16 Impact

The Company adopted IFRS 16 on the date the standard became effective, January 1, 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and that comparatives were not restated.

FACTORS AFFECTING COMPARABILITY AND RESULTS OF OPERATIONS

Economic Trends

As a global telecommunications company with operations in a number of markets, we are affected by a broad range of international economic developments. Unfavorable economic conditions may impact a significant number of our customers, including their spending patterns, both in terms of the products they subscribe for and usage levels. As a result, it may be more difficult for

us to attract new customers, more likely that customers will downgrade or disconnect their services and more difficult for us to maintain mobile ARPUs at existing levels. The current difficult economic environment and any future downturns in the economies of markets in which we operate or may operate in the future could also, among other things, increase our costs, prevent us from executing our strategies, hurt our liquidity or prevent us to meet unexpected financial requirements. For more information regarding economic trends and how they affect our operations, see - *Risk Factors — Market Risks —"The international economic environment could cause our business to decline.*"

Inflation

Inflation affects the purchasing power of our customers (both retail and corporate). The Russian, Ukrainian and Uzbekistani currencies, for example, have experienced significant inflation levels in recent years, which has caused the relative values of those currencies to decline. Although the inflation rates have broadly stabilized, economic and political developments may cause inflation rates to rise once again.

Foreign Currency Translation

Our audited consolidated financial statements are presented in U.S. dollars. Amounts included in these financial statements were presented in accordance with IAS 21, using the current rate method of currency translation with the U.S. dollar as the reporting currency. Our results of operations are affected by increases or decreases in the value of the U.S. dollar or our functional currencies. A higher average exchange rate correlates to a weaker functional currency. The functional currencies of our group are the Russian ruble in Russia, the Pakistani rupee in Pakistan, the Algerian dinar in Algeria, the Bangladeshi taka in Bangladesh, the Ukrainian hryvnia in Ukraine, the Uzbekistani som in Uzbekistan, the Kazakhstani tenge in Kazakhstan.

CERTAIN PERFORMANCE INDICATORS

The following discussion provides a description of certain operating data that is not included in our financial statements. We provide this operating data because it is regularly reviewed by our management and our management believes it is useful in evaluating our performance from period to period as set out below. Our management believes that presenting information about Adjusted EBITDA, Adjusted EBITDA Margin, mobile customers, mobile ARPU, mobile data customers, capital expenditures excluding licenses and local currency financial measures is useful in assessing the usage and acceptance of our mobile and broadband products and services. This operating data is unaudited.

For an explanation of how we calculate Adjusted EBITDA and Adjusted EBITDA Margin, please see *Explanatory Note — Non-IFRS Financial Measures.* For a description of how we define mobile customers, mobile data customers, mobile ARPU, capital expenditures excluding licenses and local currency financial measures please see the discussion below.

Mobile customers

Mobile customers are generally customers in the registered customer base as of a given measurement date who engaged in a revenue generating activity at any time during the three months prior to such measurement date. Such activity includes any outgoing calls, customer fee accruals, debits related to service, outgoing SMS and MMS, data transmission and receipt sessions, but does not include incoming calls, SMS and MMS or abandoned calls. Our total number of mobile customers also includes customers using mobile internet service via USB modems.

Mobile data customers

Mobile data customers are mobile customers who have engaged in revenue generating activity during the three months prior to the measurement date as a result of activities including USB modem Internet access using 2.5G/3G/4G/LTE/HSPA+ technologies. For Algeria, mobile data customers are 3G customers who have performed at least one mobile data event on the 3G network during the previous four months.

Mobile ARPU

Mobile ARPU measures the monthly average revenue per mobile user. We generally calculate mobile ARPU by dividing our mobile service revenue during the relevant period, including data revenue, roaming revenue and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of our mobile customers during the period and dividing by the number of months in that period.

RESULTS OF OPERATIONS

In millions of U.S. dollars	Year ended December 31, 2019	2018	2017
Consolidated income statement data:			
Service revenues	8,240	8,526	9,105
Sale of equipment and accessories	465	427	244
Other revenues / other income	158	133	125
Total operating revenues	**8,863**	**9,086**	**9,474**
Service costs	(1,554)	(1,701)	(1,879)
Cost of equipment and accessories	(479)	(415)	(260)
Selling, general and administrative expenses	(2,965)	(3,697)	(3,748)
Other operating gain / (loss)	350	—	—
Depreciation	(1,652)	(1,339)	(1,491)
Amortization	(394)	(495)	(537)
Impairment (loss) / reversal	(108)	(858)	(66)
Gain / (loss) on disposal of non-current assets	(43)	(57)	(26)
Gain / (loss) on disposal of subsidiaries	1	30	—
Operating profit	**2,019**	**554**	**1,467**
Finance costs	(892)	(816)	(935)
Finance income	53	67	95
Other non-operating gain / (loss)	21	(68)	(97)
Share of profit / (loss) of joint ventures and associates	—	—	(22)
Impairment of joint ventures and associates	—	—	(110)
Net foreign exchange gain / (loss)	(20)	15	(70)
Profit / (loss) before tax	**1,181**	**(248)**	**328**
Income tax expense	(498)	(369)	(472)
Profit / (loss) from continuing operations	**683**	**(617)**	**(144)**
Profit / (loss) after tax from discontinued operations	—	(300)	(390)
Gain / (loss) on disposal of discontinued operations	—	1,279	—
Profit / (loss) for the period	**683**	**362**	**(534)**
Attributable to:			
The owners of the parent (continuing operations)	621	(397)	(115)
The owners of the parent (discontinued operations)	—	979	(390)
Non-controlling interest	62	(220)	(29)
	683	**362**	**(534)**

The tables below show for the periods indicated selected information about the results of operations in each of our reportable segments. For more information regarding our segments, see *Note 2 — Segment Information* to our Audited Consolidated Financial Statements attached hereto.

Total Operating Revenue

In millions of U.S. dollars, includes intersegment revenue	Year ended December 31,		
	2019	**2018**	**2017**
Our cornerstone			
Russia	4,481	4,654	4,729
Our growth engines			
Pakistan	1,321	1,494	1,525
Ukraine	870	688	622
Kazakhstan	486	441	416
Uzbekistan	258	315	513
Our frontier markets			
Algeria	775	813	915
Bangladesh	537	521	574
Other and eliminations	135	160	180
HQ	—	—	—
Total segments	**8,863**	**9,086**	**9,474**

In 2019, our consolidated total operating revenue decreased by 2% year-on-year primarily due to decreased revenue in Russia and Pakistan in both cases due to devaluation of local currencies and due to an impact of regulatory changes in Pakistan.

Adjusted EBITDA

In millions of U.S. dollars	Year ended December 31,		
	2019	**2018**	**2017**
Our cornerstone			
Russia	1,957	1,677	1,788
Our growth engines			
Pakistan	669	714	703
Ukraine	572	387	347
Kazakhstan	270	206	180
Uzbekistan	136	136	261
Our frontier markets			
Algeria	354	363	426
Bangladesh	222	183	233
Other and eliminations	312	(34)	(26)
HQ	(277)	(359)	(325)
Total segments	**4,215**	**3,273**	**3,587**

In 2019, our total Adjusted EBITDA increased by 29% year-on-year mainly due to one-off vendor payment at HQ level (please refer to *Note 10 — Significant transactions* of our Audited Consolidated Financial Statements), decreased HQ costs and increased EBITDA in our Russia and Ukraine segments primarily due to adoption of IFRS 16 .

For more information on how we calculate Adjusted EBITDA and for the reconciliation of Adjusted EBITDA to (loss) / profit before tax, the most directly comparable IFRS financial measure, for the years ended December 31, 2019, 2018 and 2017please refer to *Note 2 — Segment Information* of our Audited Consolidated Financial Statements attached hereto.

The following table provides the details that the adoption of IFRS 16 had on Adjusted EBITDA for the year ended December 31, 2019 for each operating segment:

	Adjusted EBITDA pre-IFRS 16	Impact of IFRS 16	Adjusted EBITDA post-IFRS 16
Our cornerstone			
Russia	1,622	335	1,957
Our growth engines			
Pakistan	622	47	669
Ukraine	548	24	572
Kazakhstan	253	17	270
Uzbekistan	132	4	136
Our frontier markets			
Algeria	320	34	354
Bangladesh	182	40	222
Other and eliminations	302	10	312
HQ	(277)	—	(277)
Total segments	**3,704**	**511**	**4,215**

Operating Profit

In 2019, our consolidated operating profit increased to US$2,019 million compared to US$554 million in 2018 primarily due to increased EBITDA as described above and lower impairment losses as compared to 2018. For more information on impairment losses, please refer to Note 11 of our Audited Consolidated Financial Statements attached hereto.

Non-Operating Profits And Losses

Finance Costs

In 2019, our consolidated finance costs increased by 9% year-on-year primarily due to the fact that a reduction of finance costs resulting from a decrease in bank loans and bonds was more than offset by interest expense resulting from adoption of IFRS 16 starting from January 1, 2019.

Finance Income

In 2019, our consolidated finance income decreased by 21% to US$53 million primarily due to lower average cash balances.

Other Non-Operating Gain/ Loss

For the year ended December 31, 2019, we recorded an other non-operating gain of US$21 million, as compared to a non-operating loss of US$68 million for the year ended December 31, 2018. The change was mainly driven by lower loss from derivatives and no early redemption fees in 2019 compared to 2018.

Net Foreign Exchange (Loss)/Gain

In 2019, we recorded a loss of US$20 million from net foreign exchange result in the year ended 2019. The deterioration of net foreign exchange result by US$35 million compared to 2018 resulted primarily from lower gains related to the Warid non-controlling interest put option liability and higher depreciation of Georgian lari and Bangladeshi taka in 2019 compared to 2018.

Income Tax Expense

In 2019, our consolidated income tax expense increased by 35% to US$498 million compared to US$369 million in 2018.

For more information regarding the factors affecting our total income tax expenses, please refer to *Note 9 — Income Taxes* of our Audited Consolidated Financial Statements attached hereto.

Profit / (Loss) After Tax From Discontinued Operations

In 2019, we did not record a profit or loss after tax from discontinued operations compared to a gain of US$1,279 million year ended December 31, 2018 from the sale of VEON's 50% stake in the Italy Joint Venture. There were no discontinued operations in 2019.

Profit / (Loss) For The Period Attributable To The Owners Of The Parent From Continuing Operations

In 2019, the year-on-year change of our profit / (loss) for the period attributable to the owners of the parent from continuing operations was mainly due to an increase in operating profit as discussed above.

Profit / (Loss) For The Period Attributable To Non-Controlling Interest

In 2019, the year-on-year change of profit / (loss) for the period attributable to non-controlling interest was mainly driven by an increase in operating profit as described above.

RESULTS OF SEGMENTS

RUSSIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**4,481**	**4,654**	**4,729**	*-4%*	*-2%*
Mobile service revenue	3,485	3,679	3,843	*-5%*	*-4%*
- of which fixed-mobile convergence ("FMC")	151	126	87	*20%*	*46%*
- of which mobile data	972	996	1,012	*-2%*	*-2%*
Fixed-line service revenue	539	566	673	*-5%*	*-16%*
Sales of equipment, accessories and other	457	410	213	*12%*	*92%*
Operating expenses	**2,523**	**2,977**	**2,941**	*-15%*	*1%*
Adjusted EBITDA	**1,957**	**1,677**	**1,788**	*17%*	*-6%*
Adjusted EBITDA margin	**43.7%**	**36.0%**	**37.8%**	*7.6pp*	*-1.8pp*

RESULTS OF OPERATIONS IN RUB

In millions of RUB (except as indicated)	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**289,875**	**291,539**	**275,887**	*-1%*	*6%*
Mobile service revenue	225,555	230,123	224,186	*-2%*	*3%*
- of which FMC	9,788	7,942	5,064	*23%*	*57%*
- of which mobile data	62,894	62,259	59,041	*1%*	*5%*
Fixed-line service revenue	34,850	35,295	39,271	*-1%*	*-10%*
Sales of equipment, accessories and other	29,470	26,121	12,430	*13%*	*110%*
Operating expenses	**163,177**	**186,822**	**171,545**	*-13%*	*9%*
Adjusted EBITDA	**126,698**	**104,717**	**104,342**	*21%*	*0%*
Adjusted EBITDA margin	**43.7%**	**35.9%**	**37.8%**	*7.8pp*	*-1.9pp*

SELECTED PERFORMANCE INDICATORS

	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Mobile					
Customers in millions	54.6	55.3	58.2	*-1%*	*-5%*
Mobile data customers in millions	35.5	36.8	38.4	*-3%*	*-4%*
ARPU in US$	5.3	5.4	5.5	*-2%*	*-2%*
ARPU in RUB	340	336	319	*1%*	*5%*

TOTAL OPERATING REVENUE

Our total operating revenue in Russia decreased in 2019 by 4% year-on-year due to the devaluation of the Russian ruble.

In local currency terms, total operating revenue was broadly stable year-on-year compared to 2018.

ADJUSTED EBITDA

Our Russia Adjusted EBITDA increased in 2019 by 16% year-on-year to US$1,957 million, primarily due to the capitalization of lease costs upon adoption of IFRS 16 on January 1, 2019. In addition, the increase was impacted by savings in structural operating expenses, including savings in commercial costs, lower spectrum costs and the reversal of certain provisions, which was partially offset by the devaluation of the Russian ruble. Excluding impact of IFRS 16, Adjusted EBITDA would have decreased by 3%.

In local currency terms, our Russia Adjusted EBITDA increased by 21 % 2019 year-on-year.

NUMBER OF CUSTOMERS

The number of mobile customers and the number of mobile data customers in Russia decreased in 2019 year-on-year in each case driven by a reduction in sales through the alternative distribution channels following the expansion of Beeline monobrand stores.

ARPU

Our mobile ARPU in Russia decreased by 2% year-on-year to US$5.3, mainly driven by devaluation of Russian ruble. In local currency terms ARPU in Russia increased by 1 % mainly due to broader stability in revenue during 2019 as stated above. At the same time our business faces challenges related to market pricing structure and the effectiveness of its distribution.

PAKISTAN

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**1,321**	**1,494**	**1,525**	*-12%*	*-2%*
Mobile service revenue	1,228	1,391	1,418	*-12%*	*-2%*
- of which mobile data	370	311	225	*19%*	*38%*
Sales of equipment, accessories and other	92	103	107	*-10%*	*-4%*
Operating expenses	**652**	**780**	**822**	*-17%*	*-5%*
Adjusted EBITDA	**669**	**714**	**703**	*-6%*	*2%*
Adjusted EBITDA margin	**50.7%**	**47.8%**	**46.1%**	*2.9pp*	*1.7pp*

RESULTS OF OPERATIONS IN PKR

In millions of PKR (except as indicated)	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**197,605**	**181,722**	**160,679**	*9%*	*13%*
Mobile service revenue	183,760	169,277	149,393	*9%*	*13%*
- of which mobile data	55,517	38,230	23,743	*45%*	*61%*
Sales of equipment, accessories and other	13,844	12,445	11,286	*11%*	*10%*
Operating expenses	**97,531**	**94,911**	**86,583**	*3%*	*10%*
Adjusted EBITDA	**100,074**	**86,811**	**74,096**	*15%*	*17%*
Adjusted EBITDA margin	**50.6%**	**47.8%**	**46.1%**	*2.9pp*	*1.7pp*

SELECTED PERFORMANCE INDICATORS

	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Mobile					
Customers in millions	60.5	56.2	53.6	*8%*	*5%*
Mobile data customers in millions	38.8	33.0	28.5	*18%*	*16%*
ARPU in US$	1.7	2.1	2.2	*-17%*	*-7%*
ARPU in PKR	261	254	236	*3%*	*8%*

TOTAL OPERATING REVENUE

In the year ended December 31, 2019, our Pakistan total operating revenue decreased by 12% year-on-year to US$1,321 million as a result of a devaluation of the local currency. In local currency terms, our Pakistan total operating revenue increased by 8% as a result of continuing mobile data revenue growth of 45% year on year, which was partially offset due to the impact of regulatory changes. The growth in data revenue was driven by the growth in data customers and increased data usage due to higher bundle penetration and continued data network expansion.

ADJUSTED EBITDA

Our Pakistan Adjusted EBITDA decreased by 6% year-on-year to US$669 million in the year ended December 31, 2019 driven by devaluation of the Pakistani rupee and partially offset by the impact of the introduction of IFRS 16. In local currency terms, Pakistan Adjusted EBITDA growth was 15% mainly due to positive development in total revenue as stated above as well as savings in structural operating expenses on year on year basis.

NUMBER OF CUSTOMERS

As of December 31, 2019, we had 60.5 million customers in Pakistan, representing an increase of 8% year-on-year driven primarily by a continued growth in mobile data customers, which grew 18% year on year due to bundled tariff plans and 4G/LTE expansion coupled with increase in customer acquisition, lower churn as a result of simplifying prices and more efficient distribution channel management.

ARPU

In the year ended December 31, 2019, our mobile ARPU in Pakistan decreased by 17 % year-on-year to US$1.7 driven by a devaluation of the local currency. In local currency terms, mobile ARPU in Pakistan increased by 3% year-on-year to PKR 261 driven by a one-off tax impact, an increase in usage and several price monetization initiatives.

ALGERIA

RESULTS OF OPERATIONS IN US$

	Year ended December 31,				
In millions of U.S. dollars (except as indicated)	**2019**	**2018**	**2017**	**'18-19 % change**	**'17-18 % change**
Total operating revenue	**775**	**813**	**915**	*-5%*	*-11%*
Mobile service revenue	769	801	898	*-4%*	*-11%*
- of which mobile data	232	188	113	*23%*	*66%*
Sales of equipment, accessories and other	5	12	17	*-54%*	*-31%*
Operating expenses	**421**	**449**	**490**	*-6%*	*-8%*
Adjusted EBITDA	**354**	**363**	**426**	*-3%*	*-15%*
Adjusted EBITDA margin	**45.7%**	**44.7%**	**46.5%**	*1.0pp*	*-1.8pp*

RESULTS OF OPERATIONS IN DZD

	Year ended December 31,				
In millions of DZD (except as indicated)	**2019**	**2018**	**2017**	**'18-19 % change**	**'17-18 % change**
Total operating revenue	**92,513**	**94,773**	**101,457**	*-2%*	*-7%*
Mobile service revenue	91,870	93,409	99,588	*-2%*	*-6%*
- of which mobile data	27,665	21,978	12,586	*26%*	*75%*
Sales of equipment, accessories and other	643	1,364	1,869	*-53%*	*-27%*
Operating expenses	**50,241**	**52,376**	**54,301**	*-4%*	*-4%*
Adjusted EBITDA	**42,272**	**42,398**	**47,156**	*0%*	*-10%*
Adjusted EBITDA margin	**45.7%**	**44.7%**	**46.5%**	*1.0pp*	*-1.7pp*

SELECTED PERFORMANCE INDICATORS

	Year ended December 31,				
	2019	2018	2017	'18-19 % change	'17-18 % change
Mobile					
Customers in millions	14.6	15.8	15.0	*-8%*	*6%*
Mobile data customers in millions	8.8	9.2	7.2	*-5%*	*28%*
ARPU in US$	4.2	4.3	4.8	*-3%*	*-10%*
ARPU in DZD	501	504	529	*-1%*	*-5%*

TOTAL OPERATING REVENUE

Our Algeria total operating revenue decreased in 2019 by 5% year-on-year primarily due to decreased mobile ARPU as a result of price competition in both voice and data service and the devaluation of the local currency. Data revenue growth remained strong due to higher usage and an increase in data customers as a result of the rollout of the 4G/LTE network. In functional currency terms, total operating revenue in Algeria decreased by 2% year-on-year.

ADJUSTED EBITDA

In 2019, our Algeria Adjusted EBITDA decreased by 3% year-on-year primarily due to a decrease in total revenues, as discussed above, coupled with an increase in technology and commercial costs offset by capitalization of leasing expenses upon the adoption of IFRS 16. In local currency terms, our Algeria Adjusted EBITDA decreased by 0.3% year-on-year.

NUMBER OF CUSTOMERS

In 2019, our customer base in Algeria segment decreased by 8% to 14.6 million year-on-year driven by higher churn rate that also impacted the mobile data customers resulting in the decrease of mobile data customer base by 5% on year on year basis

ARPU

In the year ended December 31, 2019, our mobile ARPU in Algeria decreased by 3% year-on-year to US$4.2 mainly due to continued and intense price competition in both voice and data services and local currency devaluation. In local currency terms, our mobile ARPU in Algeria decreased by 1% year-on-year.

BANGLADESH

RESULTS OF OPERATIONS IN US$

	Year ended December 31,				
In millions of U.S. dollars (except as indicated)	2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**537**	**521**	**574**	*3%*	*-9%*
Mobile service revenue	525	504	557	*4%*	*-10%*
- of which mobile data	109	87	78	*26%*	*11%*
Sales of equipment, accessories and other	11	17	17	*-35%*	*0%*
Operating expenses	**314**	**338**	**341**	*-7%*	*-1%*
Adjusted EBITDA	**222**	**183**	**233**	*21%*	*-21%*
Adjusted EBITDA margin	**41.4%**	**35.2%**	**40.6%**	*6.3pp*	*-5.4pp*

RESULTS OF OPERATIONS IN BDT

In millions of BDT (except as indicated)	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**45,284**	**43,653**	**46,471**	*3.7%*	*-6.1%*
Mobile service revenue	44,332	42,211	45,072	*5%*	*-6.3%*
- of which mobile data	9,194	7,250	6,308	*26.8%*	*14.9%*
Sales of equipment, accessories and other	952	1,442	1,399	*-34%*	*3.1%*
Operating expenses	**26,522**	**28,306**	**27,630**	*-6.3%*	*2.5%*
Adjusted EBITDA	**18,762**	**15,347**	**18,841**	*22.3%*	*-18.5%*
Adjusted EBITDA margin	**41.4%**	**35.2%**	**40.5%**	*6.3pp*	*-5.4pp*

SELECTED PERFORMANCE INDICATORS

	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Mobile					
Customers in millions	33.6	32.3	31.3	*4%*	*3.1%*
Mobile data customers in millions	21.5	19.6	16.9	*9.7%*	*15.9%*
ARPU in US$	1.3	1.3	1.5	*0.5%*	*-12.2%*
ARPU in BDT	112	110	121	*1.3%*	*-9.2%*

TOTAL OPERATING REVENUE

In 2019, our Bangladesh total operating revenue increased by 3% year-on-year primarily due to an acceleration of service revenue growth following spectrum acquisition and enhanced network availability, along with the continued expansion of Banglalink's distribution footprint. In local currency terms, total operating revenue in Bangladesh increased by 4% year-on-year.

ADJUSTED EBITDA

In 2019, our Bangladesh Adjusted EBITDA increased by 21% year-on-year due to increased revenue, as discussed above, and the impact of IFRS 16 adoption as of January 1, 2019. Excluding impact of IFRS 16, Adjusted EBITDA would have decreased by 1%. In local currency terms, our Bangladesh Adjusted EBITDA increased by 22% year-on-year.

NUMBER OF CUSTOMERS

In 2019, the number of customers in our Bangladesh segment increased by 4% year-on-year to 33.6 million. The increase was mainly due to improved distribution and network quality. The number of mobile data customers increased by 10% year-on-year due to increased efforts to attract new customers, successful targeting of voice-only customers for data services and network expansion.

ARPU

In 2019, our mobile ARPU in Bangladesh increased by 0.5% and remained broadly the same year-on-year with 2018 at US$1.3. In local currency terms, mobile ARPU in Bangladesh increased by 9% year-on-year to BDT 112.

UKRAINE

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**870**	**688**	**622**	*26%*	*11%*
Mobile service revenue	812	641	577	*27%*	*11%*
- of which mobile data	421	263	154	*60%*	*71%*
Fixed-line service revenue	52	44	43	*18%*	*4%*
Sales of equipment, accessories and other	5	3	3	*59%*	*25%*
Operating expenses	**298**	**301**	**276**	*-1%*	*9%*
Adjusted EBITDA	**572**	**387**	**347**	*48%*	*12%*
Adjusted EBITDA margin	**65.7%**	**56.3%**	**55.7%**	*9.5pp*	*0.5pp*

RESULTS OF OPERATIONS IN UAH

In millions of UAH (except as indicated)	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**22,392**	**18,719**	**16,542**	*20%*	*13%*
Mobile service revenue	20,903	17,421	15,338	*20%*	*14%*
- of which mobile data	10,847	7,177	4,103	*51%*	*75%*
Fixed-line service revenue	1,350	1,206	1,132	*12%*	*7%*
Sales of equipment, accessories and other	139	93	72	*50%*	*28%*
Operating expenses	**7,709**	**8,190**	**7,321**	*-6%*	*12%*
Adjusted EBITDA	**14,683**	**10,529**	**9,221**	*39%*	*14%*
Adjusted EBITDA margin	**65.6%**	**56.2%**	**55.7%**	*9.3pp*	*0.5pp*

SELECTED PERFORMANCE INDICATORS

	Year ended December 31, 2019	2018	2017	'18-19 % change	'17-18 % change
Mobile					
Customers in millions	26.2	26.4	26.5	*-1%*	*-1%*
Mobile data customers in millions	16.9	14.8	12.5	*15%*	*18%*
ARPU in US$	2.6	2.0	1.8	*28%*	*11%*
ARPU in UAH	66	54	48	*21%*	*13%*

TOTAL OPERATING REVENUE

In 2019, our Ukraine total operating revenue increased by 26% year-on-year to US$870 million in the year ended December 31, 2019. The increase was primarily due to continued strong growth in mobile service revenue, driven by successful commercial activities stimulated by the continued 3G roll-out and increased penetration of data-centric tariffs. In local currency terms, our total operating in Ukraine revenue increased by 20% year-on-year.

ADJUSTED EBITDA

In 2019, our Ukraine Adjusted EBITDA increased by 48% year-on-year to US$572 million in the year ended December 31, 2019, primarily due to higher revenues, as discussed above, and lower service costs and capitalization of leasing costs upon the adoption of IFRS 16. In local currency terms, our Ukraine Adjusted EBITDA increased by 39% year-on-year.

NUMBER OF CUSTOMERS

As of December 31, 2019, we had 26.2 million mobile customers in Ukraine representing a decrease of 1% year-on-year. The decrease was a result of demographic trends in Ukraine and the reduction in multi SIM users. The number of our mobile data customers in Ukraine increased by 15% year-on-year mainly due to an increased 4G/LTE user penetration.

ARPU

In the year ended December 31, 2019, our mobile ARPU in Ukraine increased by 28% to US$2.6 compared to the year ended December 31, 2018. In local currency terms, mobile ARPU in Ukraine increased in the year ended December 31, 2019 by 21% to UAH 66 compared to UAH 54 in the year ended December 31, 2018 driven by increase 4G/LTE penetration.

KAZAKHSTAN

RESULTS OF OPERATIONS IN US$

	Year ended December 31,				
In millions of U.S. dollars (except as indicated)	2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**486**	**441**	**416**	*10%*	*6%*
Mobile service revenue	378	363	339	*4%*	*7%*
- of which mobile data	157	115	97	*36%*	*19%*
Fixed-line service revenue	66	73	75	*-9%*	*-3%*
Sales of equipment, accessories and other	41	4	1	*859%*	*216%*
Operating expenses	**216**	**234**	**236**	*-8%*	*-1%*
Adjusted EBITDA	**270**	**206**	**180**	*31%*	*15%*
Adjusted EBITDA margin	**55.6%**	**46.8%**	**43.2%**	*8.9pp*	*3.6pp*

RESULTS OF OPERATIONS IN KZT

	Year ended December 31,				
In millions of KZT (except as indicated)	2019	2018	2017	'18-19 % change	'17-18 % change
Total operating revenue	**186,039**	**151,798**	**135,613**	*23%*	*12%*
Mobile service revenue	144,925	125,125	110,621	*16%*	*13%*
- of which mobile data	59,986	39,789	31,650	*51%*	*26%*
Fixed-line service revenue	25,423	25,228	24,547	*1%*	*3%*
Sales of equipment, accessories and other	15,691	1,446	446	*985%*	*225%*
Operating expenses	**82,586**	**80,679**	**77,067**	*2%*	*5%*
Adjusted EBITDA	**103,454**	**71,119**	**58,546**	*46%*	*22%*
Adjusted EBITDA margin	**55.6%**	**46.9%**	**43.2%**	*8.8pp*	*3.7pp*

SELECTED PERFORMANCE INDICATORS

	Year ended December 31,				
	2019	2018	2017	'18-19 % change	'17-18 % change
Mobile					
Customers in millions	10.2	9.9	9.8	*3%*	*2%*
Mobile data customers in millions	6.9	6.3	5.7	*10%*	*11%*
ARPU in US$	3.1	3.0	3.0	*2%*	*2%*
ARPU in KZT	1,192	1,051	972	*14%*	*8%*

TOTAL OPERATING REVENUE

In 2019, our Kazakhstan total operating revenue increased by 10% year on year to US$486 million as compared to US $441 million in 2018, primarily due to growth in mobile data revenue and higher ARPU during the year, partially offset by a devaluation of the local currency. In local currency terms, our total operating revenue in Kazakhstan increased by 23%.

In 2018, our Kazakhstan total operating revenue was US$441 million as compared to US$416 million in 2017 showing a growth of 6% year on year, primarily due to mobile data growth and consistent performance of fixed line operations, partially offset by a devaluation of the local currency. In local currency terms, our total operating revenue in Kazakhstan increased by 12%.

ADJUSTED EBITDA

In 2019, our Kazakhstan Adjusted EBITDA increased by 31% year-on-year to US$270 million in the year ended December 31, 2019, primarily due to higher revenues, as discussed above, and decreased operating costs driven by capitalization of leasing costs upon the adoption of IFRS 16. In local currency terms, our Kazakhstan Adjusted EBITDA increased by 46% year-on-year.

In 2018, our Kazakhstan Adjusted EBITDA increased by 15% to US$206 million compared to US$108 million in 2017. In local currency terms, our Kazakhstan Adjusted EBITDA increased by 22% in 2018 compared to the previous year, primarily due to higher revenues, as discussed above, and decreased operating expenses.

NUMBER OF CUSTOMERS

As of December 31, 2019, we had 10.2 million mobile customers in Kazakhstan representing an increase of 3% year-on-year. The increase was a result of the improvements in the quality of sales and Beeline Kazakhstan's value proposition in the market. The number of our mobile data customers in Kazakhstan increased by 10% year-on-year mainly due to an increase in 4G/LTE user penetration.

As of December 31, 2018, we had 9.9 million mobile customers in Kazakhstan compared to 9.8 million mobile customers as of December 31, 2017, representing an increase of 2%.

ARPU

In the year ended December 31, 2019, our mobile ARPU in Kazakhstan increased by 2% to US$3.1 compared to the year ended December 31, 2018. In local currency terms, mobile ARPU in Kazakhstan increased in the year ended December 31, 2019 by 14% to KZT 1,192 compared to KZT 1,051 in the year ended December 31, 2018 driven by an increase in 4G/LTE user penetration.

In 2018, our mobile ARPU in Kazakhstan increased by 2% to US$3.0 compared to 2017. In local currency terms, mobile ARPU in Kazakhstan increased in 2018 by 8% to KZT 1,051 compared to KZT 972 in 2017.

UZBEKISTAN

RESULTS OF OPERATIONS IN US$

	Year ended December 31,				
In millions of U.S. dollars (except as indicated)	**2019**	**2018**	**2017**	**'18-19 % change**	**'17-18 % change**
Total operating revenue	**258**	**315**	**513**	*-18%*	*-39%*
Mobile service revenue	255	312	509	*-18%*	*-39%*
- of which mobile data	120	108	128	*11%*	*-16%*
Fixed-line service revenue	2	2	3	*-30%*	*-35%*
Sales of equipment, accessories and other	1	0	1	*143%*	*-22%*
Operating expenses	**122**	**178**	**252**	*-32%*	*-29%*
Adjusted EBITDA	**136**	**136**	**261**	*0%*	*-48%*
Adjusted EBITDA margin	**52.8%**	**43.3%**	**50.9%**	*9.5pp*	*-7.6pp*

RESULTS OF OPERATIONS IN UZS

In millions of UZS (except as indicated)	Year ended December 31,				
	2019	**2018**	**2017**	**'18-19 % change**	**'17-18 % change**
Total operating revenue	**2,275,256**	**2,537,768**	**2,341,828**	*-10%*	*8%*
Mobile service revenue	2,251,950	2,516,756	2,323,177	*-11%*	*8%*
- of which mobile data	1,059,616	871,670	585,060	*22%*	*49%*
Fixed-line service revenue	13,229	17,390	15,036	*-24%*	*16%*
Sales of equipment, accessories and other	10,077	3,622	3615	*178%*	*0%*
Operating expenses	**1,071,233**	**1,439,916**	**1,181,702**	*-26%*	*22%*
Adjusted EBITDA	**1,204,023**	**1,097,852**	**1,160,126**	*10%*	*-5%*
Adjusted EBITDA margin	**52.9%**	**43.3%**	**49.5%**	*9.7pp*	*-6.3pp*

SELECTED PERFORMANCE INDICATORS

	Year ended December 31,				
	2019	**2018**	**2017**	**'18-19 % change**	**'17-18 % change**
Mobile					
Customers in millions	8.1	9.1	9.7	*-11%*	*-6%*
Mobile data customers in millions	5.2	5.5	5.0	*-7%*	*10%*
ARPU in US$	2.4	2.8	4.4	*-12%*	*-38%*
ARPU in UZS	21,390	22,177	20,126	*-4%*	*10%*

TOTAL OPERATING REVENUE

In 2019, our Uzbekistan total operating revenue decreased by 18% year-on-year to US$258 million in the year ended December 31, 2019, primarily as a result of the negative impact from the reduction in mobile termination rates and the introduction of the 15% excise tax. In local currency terms, operating revenue decreased by 10% year on year.

ADJUSTED EBITDA

In 2019, our Adjusted EBITDA in Uzbekistan was broadly stable with 2018 . In local currency terms, Adjusted EBITDA increased by 10% primarily due to IFRS 16 impact and structurally lower structural operating expenditures.

NUMBER OF CUSTOMERS

As of December 31, 2019, the number of mobile customers in our Uzbekistan segment decreased by 11% to 8.1 million. The decrease was the result of our strategic focus on high value customers.

ARPU

In 2019, our mobile ARPU in Uzbekistan was US$2.4 compared to US$2.8 in 2018, representing a decrease of 12% year-on-year due to decreased voice ARPU partially offset by increased data ARPU. In local currency terms, mobile ARPU in Uzbekistan decreased by 4% year-on-year.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Working capital is defined as current assets less current liabilities.

As of December 31, 2019, we had negative working capital of US$3269 million, compared to negative working capital of US$1316 million as of December 31, 2018. The change was primarily due to long-term borrowings becoming closer to their maturity and hence being reclassified as current liabilities and lower cash and cash equivalent balances and changes in lease liabilities upon adoption new lease accounting standard and derivatives in 2019.

Our working capital is monitored on a regular basis by management. Our management expects to repay our debt as it becomes due from our operating cash flows or through additional borrowings. Although we have a negative working capital, our management believes that our cash balances and available credit facilities are sufficient to meet our present requirements.

In Algeria, under the terms of a shareholder agreement between Global Telecom Holding S.A.E., the Fonds National d'Investissement and others, our operating company may only distribute 42.5% of its net profit for a given financial year without receiving an approval from a qualified majority of its board. This effectively creates a restriction on the ability of Global Telecom Holding S.A.E. to freely distribute the accumulated retained earnings of our operating company in Algeria.

Consolidated Cash Flow Summary

(In millions of U.S. dollars)	2019	2018	2017
Net cash flows from operating activities	**2,949**	**2,515**	**2,475**
Net cash flows from / (used in) investing activities	**(1,888)**	**1,997**	**(3,016)**
Net cash flows from / (used in) financing activities	**(1,639)**	**(3,916)**	**(733)**
Net increase / (decrease) in cash and cash equivalents	(578)	596	(1,274)
Net foreign exchange difference	(9)	(119)	(354)
Cash and cash equivalents at beginning of period	1,791	1,314	2,942
Cash and cash equivalents at end of period, net of overdraft	**1,204**	**1,791**	**1,314**

For more details, see *Consolidated Statement of Cash Flows* in our Audited Consolidated Financial Statements.

In 2019 , net cash flows from operating activities increased to US$2,949 million from US$2,515 million in 2018. The increase was mainly due to higher profit in 2019 resulting in increase of Adjusted EBITDA and decreased investments in working capital (excluding cash and cash equivalent).

For the year ended December 31, 2019, we recorded an outflow of US$1,888 million from investing activities, compared to an inflow of US$1,997 million in 2018, as a result of our receipt of US$2,830 million for the sale of our 50% stake in the Italy Joint Venture and US$1,034 million from deposit accounts primarily relating to the US$987 million pledged as collateral for the Mandatory Tender Offer ("MTO") that was withdrawn on April 2, 2018. Our total payments for the purchase of property, equipment and intangible assets amounted to US$1,683 million compared to US$1,948 million in 2018. The decrease was primarily a result of different phasing in acquisitions of network equipment.

During the year ended December 31, 2019, overall investing activities cash flow represents, besides the investment in property, plant, equipment as explained above, reduced inflow from deposits and the fact that in 2018 we received US$2,830 million for the sale of our 50% stake in the Italy Joint Venture and US$1,034 million from deposit accounts.

In 2019, net cash outflow for financing activities was US$1,639 million compared to net cash outflow of US$3,916 million in 2018. The change of net cash flows used for financing activities was mainly driven by a lower repayment of debt on a net basis.

Indebtedness

As of December 31, 2019, the principal amounts of our external indebtedness represented by bank loans and bonds amounted to US$7,519, compared to US$7,298 million as of December 31, 2018. As of December 31, 2019, our debt includes overdrawn bank accounts related to cash-pooling program of US$46 million.

As of December 31, 2019, VEON had the following principal amounts outstanding for interest-bearing loans and bonds as well as cash-pool overdrawn bank accounts:

Entity	Type of debt/ original lenders	Interest rate	Debt currency	Outstanding debt (mln)	Outstanding debt (US$ mln)	Maturity date
VEON Holdings B.V.	Loan from SberBank	10.0000%	RUB	95,000	1,535	19.05.2022
VEON Holdings B.V.	Loan from Alfa Bank	8.8000%	RUB	17,500	283	30.08.2022
VEON Holdings B.V.	Loan from VTB	8.7500%	RUB	30,000	485	30.08.2022
VEON Holdings B.V.	Notes	3.9500%	USD	600	600	16.06.2021
VEON Holdings B.V.	Notes	7.5043%	USD	417	417	01.03.2022
VEON Holdings B.V.	Notes	5.9500%	USD	529	529	13.02.2023
VEON Holdings B.V.	Notes	4.9500%	USD	533	533	17.06.2024
VEON Holdings B.V.	Notes	4.0000%	USD	700	700	09.04.2025
VEON Holdings B.V.	Cash-pool overdrawn accounts				1	
TOTAL VEON Holdings B.V.					**5,083**	
GTH Finance B.V.	Notes	6.2500%	USD	500	500	26.04.2020
GTH Finance B.V.	Notes	7.2500%	USD	700	700	26.04.2023
TOTAL GTH Finance B.V.					**1,200**	
PJSC VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	7.7480%	USD	262	262	02.02.2021
PJSC VimpelCom	Other				17	
TOTAL PJSC VimpelCom					**279**	
PMCL	Loan from Habib Bank Limited	6 months KIBOR + 0.90%	PKR	1,333	9	15.12.2020
PMCL	Loan from ING Bank N.V.	6 months LIBOR + 1.9%	USD	75	75	15.12.2020
PMCL	Loan from MCB Bank Limited	6 months KIBOR + 0.8%	PKR	5,333	34	15.12.2020
PMCL	Loan from Habib Bank Limited	6 months KIBOR + 0.35%	PKR	8,333	54	15.06.2022
PMCL	Syndicated Loan Facility	6 months KIBOR	PKR	3,879	25	15.12.2023
PMCL	Syndicated Loan Facility	6 months KIBOR	PKR	2,413	16	15.12.2023
PMCL	Syndicated Loan Facility	6 months KIBOR + 0.35%	PKR	21,396	138	15.06.2022
PMCL	Syndicated Loan Facility	6 months KIBOR + 0.75%	PKR	15,885	102	02.09.2026
PMCL	Islamic Financing Facility	6 months KIBOR + 0.75%	PKR	2,963	19	02.09.2026
PMCL	Other				22	
TOTAL Pakistan Mobile Communications Limited					**494**	
Banglalink	Syndicated Loan Facility	3 months LIBOR + 2.5%	USD	300	300	25.04.2020
Banglalink	Syndicated Loan Facility	Average bank deposit rate + 4.25%	BDT	8,135	96	24.12.2022
Banglalink	Syndicated Loan Facility	Average bank deposit rate + 3.0%	BDT	1,744	20	24.12.2020
TOTAL Banglalink Digital Communications Ltd.					**416**	
Other entities	Cash-pool overdrawn accounts and other				47	
Total VEON consolidated					**7,519**	

For additional information on our outstanding indebtedness, please refer to *Note 15 — Investments, Debt and Derivatives* of our Audited Consolidated Financial Statements attached hereto. For a description of some of the risks associated with certain of our indebtedness, see "*Item 3D. Risk Factors — Liquidity and Capital Risks — Substantial amounts of indebtedness and debt service obligations could materially decrease our cash flow, adversely affect our business and financial condition and prevent us from raising additional capital.*"

FUTURE LIQUIDITY AND CAPITAL REQUIREMENTS

Telecommunications service providers require significant amounts of capital to construct networks and attract customers. In the foreseeable future, our further expansion will require significant investment activity, including the purchase of equipment and possibly the acquisition of other companies.

In 2019, our capital expenditures excluding licenses and right of use assets were US$1,741 million compared to US$1,415 million in 2018. The increase in capital expenditures excluding licenses and right of use assets was primarily due to an increase of capital expenditures in Russia, Ukraine and Kazakhstan.

We expect that our capital expenditures excluding licenses in 2019 will mainly consist of investing in high-speed data networks to capture mobile data growth, including the continued roll-out of 4G/LTE and 3G networks in Russia, Algeria, Bangladesh, Pakistan and Ukraine. We expect that these expenditures will continue to be significant in 2020.

Management anticipates that the funds necessary to meet our current and expected capital requirements in the foreseeable future (including with respect to any possible acquisitions) will come from:

- Cash we currently hold;
- Operating cash flows;
- Export credit agency guaranteed financing;
- Borrowings under bank financings, including credit lines currently available to us;
- Syndicated loan facilities; and
- Issuances of debt securities on local and international capital markets.

As of December 31, 2019, we had an undrawn amount of US$1,950 million under existing credit facilities.

Management expects that positive cash flows from our current operations will continue to provide us with internal sources of funds. The availability of external financing depends on many factors, including the success of our operations, contractual restrictions, availability of guarantees from export credit agencies, the financial position of international and local banks, the willingness of international banks to lend to our companies and the liquidity of international and local capital markets.

Our future cash needs are subject to significant uncertainties. For instance, we are exposed to the impact of future exchange rates on our U.S. dollar denominated debt obligations and future requirements for U.S. dollar denominated capital expenditures, which are generally funded by local currency cash flows of our subsidiaries. Remittances from our subsidiaries may also be restricted by local regulations or subject to material taxes when remitted. Despite these uncertainties, we believe that our cash flows from operations and other sources of funds described above will be sufficient to meet our short term and foreseeable long-term cash requirements.

Below is the reconciliation of Capital expenditures excluding licenses to cash flows used to Purchase of property, plant and equipment and intangible assets:

	2019	2018	2017
Capital expenditures excluding licenses (refer to Note 2 of the Audited Consolidated Financial Statements)	1,741	1,415	1,460
Adjusted for			
Additions of licenses	50	526	332
Additions of right-of-use assets	158	—	—
Difference in timing between accrual and payment for capital expenditures	(266)	7	245
Purchase of property, plant and equipment and intangible assets	**1,683**	**1,948**	**2,037**

Quantitative And Qualitative Disclosures About Market Risk

For information on quantitative and qualitative disclosures about market risk see — *Quantitative and Qualitative Disclosures About Market Risk*.

Contractual Obligations

As of December 31, 2019, we had the following contractual obligations:

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Bank loans and bonds	2,100	3,909	2,009	794	8,812
Lease liabilities	581	920	728	420	2,649
Purchase obligations	677	19	—	—	696
Total financial liabilities, net of derivative assets	**3,358**	**4,848**	**2,737**	**1,214**	**12,157**

For the description of the contractual obligations please refer to *Note 4 — Selling, General and Administrative Expenses*, *Note 12 — Property and Equipment*, *Note 13 — Intangible Assets & Goodwill and Note 15 — Investments, Debt and Derivatives* of our Audited Consolidated Financial Statements attached hereto.

RESEARCH AND DEVELOPMENT

We now have the capacity to launch 4G/LTE in each of our reportable segments. We have acquired new spectrum in several operating companies to boost our network capacity, enhance spectral efficiency and enable the launch of new Radio Access Networks Technologies. For example, in Russia, we are working closely with a number of vendors to undertake joint research and testing of technologies, with a focus on 5G, LTE Advanced Pro and LTE-unlicensed technology. For a discussion of the risks associated with new technology, see - *Risk Factors — Market Risks — "Our failure to keep pace with technological changes and evolving industry standards could harm our competitive position and, in turn, materially harm our business."*

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

We have entered into transactions with related parties and affiliates. See "-—Major Shareholders and Related Party Transactions—B. Related Party Transactions" and *Note 21 — Related Parties* to our Audited Consolidated Financial Statements.

ADDITIONAL INFORMATION

Memorandum and Articles of Association

We describe below the material provisions of our memorandum of association and bye-laws, certain provisions of Bermuda law relating to our organization and operation, and some of the terms of our share rights based on provisions of our memorandum of association, our bye-laws, applicable Bermuda law and certain agreements relating to our shares. Although we believe that we have summarized the material terms of our memorandum of association and bye-laws, Bermuda legal requirements and our share capital, this summary is not complete and is qualified in its entirety by reference to our memorandum of association, our bye-laws and applicable Bermuda law. All references to our bye-laws herein, unless otherwise noted, are to our amended and restated bye-laws, which were approved by our shareholders on July 30, 2018.

The affirmative vote of at least 75.0% of the shares voted at a shareholders meeting is required to approve amendments to our bye-laws.

General

VEON Ltd. is an exempted company limited by shares registered under the Companies Act on June 5, 2009, and our registered office is located at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. Our registration number with the Registrar of Companies in Bermuda is 43271. As set forth in paragraph 6 of our memorandum of association, VEON Ltd. was formed with unrestricted business objects. We are registered with the Dutch Trade Register (registration number 34374835) as a company formally registered abroad (*formeel buitenlandse kapitaalvennootschap*), as this term is referred to in the Dutch Companies Formally Registered Abroad Act (*Wet op de formeel buitenlandse vennootschappen*), which means that we are deemed a Dutch resident company for tax purposes in accordance with applicable Dutch tax regulations.

Issued Share Capital

As of December 31, 2019, the authorized share capital was US$1,849,190.67, divided into 1,849,190,667 common shares, par value US$0.001, of which 1,756,731,135 common shares were issued and outstanding. All issued and outstanding shares are fully paid.

Subject to our bye-laws and to any shareholders' resolution to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, our board of directors has the power to issue up to five percent of the total authorized capital of the company as common shares on such terms and conditions as the board of directors may determine; provided that this limitation does not apply to the issue of shares in connection with employee compensation awards approved by the board's compensation committee.

We may increase, divide, consolidate, change the currency or denomination of or reduce our share capital with the approval of our shareholders.

We may purchase our own shares for cancellation or acquire them as treasury shares in accordance with Bermuda law on such terms as the board of directors may determine.

We may, under our bye-laws, at any time request any person we have cause to believe is interested in our shares to confirm details of our shares in which that person holds an interest.

Common shares

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

Except for treasury shares, each fully paid common share entitles its holder to:

- participate in shareholder meetings;
- have one vote on all issues voted upon at a shareholder meeting, except for the purposes of cumulative voting for the election of the board of directors, in which case each common share shall have the same number of votes as the total number of members to be elected to the board of directors and all such votes may be cast for a single candidate or may be distributed between or among two or more candidates;
- receive dividends approved by the board of directors (any dividend or other moneys payable in respect of a share which has remained unclaimed for six years from the date when it became due for payment shall, if the board of directors so resolves, be forfeited and cease to remain owing by VEON Ltd.);
- in the event of our liquidation, receive a pro rata share of our surplus assets; and
- exercise any other rights of a common shareholder set forth in our bye-laws and Bermuda law.

There are no sinking fund provisions attached to any of our shares. Holders of fully paid shares have no further liability to VEON Ltd. for capital calls.

All rights of any share of any class held in treasury are suspended and may not be exercised while the share is held by VEON Ltd. in treasury.

Shareholders' Meetings

Shareholders' meetings are convened and held in accordance with our bye-laws and Bermuda law. Registered holders of shares as of the record date for the shareholder meeting may attend and vote.

Annual general meeting

Our bye-laws and Bermuda law provide that our annual general meeting must be held each year at such time and place as the CEO or the board of directors may determine.

Convening the annual general meeting requires that 30 clear days' prior notice be given to each shareholder entitled to attend and vote at such annual general meeting. The notice must state the date, place and time at which the meeting is to be held, that the election of directors will take place and, as far as practicable, any other business to be conducted at the meeting.

Under Bermuda law, shareholders may, at their own expense (unless the company otherwise resolves), require a company to: (a) give notice to all shareholders entitled to receive notice of the annual general meeting of any resolution that the shareholders may properly move at the next annual general meeting; and (b) circulate to all shareholders entitled to receive notice of any general meeting a statement in respect of any matter referred to in the proposed resolution or any business to be conducted at such general meeting. The number of shareholders necessary for such a requisition is either: (1) any number of shareholders representing not less than 5.0% of the total voting rights of all shareholders entitled to vote at the meeting to which the requisition relates; or (2) not less than 100 registered shareholders.

Special general meeting

The CEO or the board of directors may convene a special general meeting whenever in their judgment such a meeting is necessary. The board of directors must, on the requisition in writing of shareholders holding not less than 10.0% of our paid up voting share capital, convene a special general meeting. Each special general meeting may be held at such time and place as the CEO or the board of directors may appoint.

Convening a special general meeting requires that 30 clear days' notice be given to each shareholder entitled to attend and vote at such meeting. The notice must state the date, place and time at which the meeting is to be held and as far as possible any other business to be conducted at the meeting.

Our bye-laws state that notice for all shareholders' meetings may be given by:

- delivering such notice to the shareholder in person;
- sending such notice by letter or courier to the shareholder's address as stated in the register of shareholders;
- transmitting such notice by electronic means in accordance with directions given by the shareholder; or
- accessing such notice on our website..

Shorter notice for general meetings

A shorter notice period will not invalidate a general meeting if it is approved by either: (a) in the case of an annual general meeting, all shareholders entitled to attend and vote at the meeting, or (b) in the case of a special general meeting, a majority of shareholders having the right to attend and vote at the meeting and together holding not less than 95.0% in nominal value of the shares giving a right to attend and vote at the meeting. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any shareholder entitled to receive notice shall not invalidate the proceedings at that meeting.

Postponement or cancellation of general meeting

The board of directors may postpone or cancel any general meeting called in accordance with the bye-laws (other than a meeting requisitioned by shareholders) provided that notice of postponement or cancellation is given to each shareholder before the time for such meeting.

Quorum

Subject to the Companies Act and our bye-laws, at any general meeting, two or more persons present in person at the start of the meeting and having the right to attend and vote at the meeting and holding or representing in person or by proxy at least 50.0% plus one share of our total issued and outstanding shares at the relevant time will form a quorum for the transaction of business.

If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place, or to such other day, time or place as the CEO may determine.

Voting Rights

Under Bermuda law, the voting rights of our shareholders are regulated by our bye-laws and, in certain circumstances, the Companies Act.

Subject to Bermuda law and our bye-laws, a resolution may only be put to a vote at a general meeting of any class of shareholders if:

- it is proposed by or at the direction of the board of directors;
- it is proposed at the direction of a court;
- it is proposed on the requisition in writing of such number of shareholders as is prescribed by, and is made in accordance with, the relevant provisions of the Companies Act or our bye-laws; or
- the chairman of the meeting in his absolute discretion decides that the resolution may properly be regarded as within the scope of the meeting.

In addition to those matters required by Bermuda law or by the NASDAQ rules to be approved by a simple majority of shareholders at any general meeting, the following actions require the approval of a simple majority of the votes cast at any general meeting:

- any sale of all or substantially all of our assets;
- the appointment of an auditor; and
- removal of directors.

Any question proposed for the consideration of the shareholders at any general meeting may be decided by the affirmative votes of a simple majority of the votes cast, except for:

- whitewash procedure for mandatory offers, which requires the affirmative vote of a majority of the shareholders voting in person or by proxy at a general meeting, excluding the vote of the shareholder or shareholders in question and their affiliates;
- voting for directors, which requires directors to be elected by cumulative voting at each annual general meeting;
- changes to our bye-laws, which require a resolution to be passed by shareholders representing not less than 75.0% of the total voting rights of the shareholders who vote in person or by proxy on the resolution;
- any merger, consolidation, amalgamation, conversion, reorganization, scheme of arrangement, dissolution or liquidation, which requires a resolution to be passed by shareholders representing not less than 75.0% of the total voting rights of the shareholders who vote in person or by proxy on the resolution;
- loans to any director, which require a resolution to be passed by shareholders representing not less than 90.0% of the total voting rights of the shareholders who vote in person or by proxy on the resolution; and
- the discontinuation of VEON Ltd. to a jurisdiction outside Bermuda, which requires a resolution to be passed by shareholders representing not less than 75.0% of the total voting rights of the shareholders who vote in person or by proxy on the resolution.

Our bye-laws require voting on any resolution at any meeting of the shareholders to be conducted by way of a poll vote. Except where cumulative voting is required, each person present and entitled to vote at a meeting of the shareholders shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot or, in the case of a general meeting at which one or more shareholders are present by electronic means, in such manner as the chairman of the meeting may direct. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

If no instruction is received from a holder of our ADSs, the Depositary shall give a proxy to an individual selected by the board of directors to vote the number of shares represented by the uninstructed ADSs at any shareholders' meeting. The board of directors' proxy designee will then vote the shares in accordance with the votes of all other shares represented and voting at the

meeting, excluding any votes of any security holder of the company beneficially owning more than five percent of the securities entitled to vote at the meeting.

Voting rights of common shares

The holders of common shares, subject to the provisions of our bye-laws, are entitled to one vote per common share, except where cumulative voting applies when electing directors.

Transfer Restrictions

For such time as all of our common shares are fully paid and listed on NASDAQ, Euronext Amsterdam (or another appointed exchange, as determined from time to time by the Bermuda Monetary Authority), there are no Bermuda law transfer restrictions applicable to our common shares. Were any of our common shares to not be fully paid, our bye-laws permit the board of directors to decline to register a transfer. At such time as our common shares cease to be listed on NASDAQ, Euronext Amsterdam (or another appointed exchange, as determined from time to time by the Bermuda Monetary Authority), the Bermuda Exchange Control Act 1972 and associated regulations require that the prior consent of the Bermuda Monetary Authority be obtained for any transfers of shares.

Foreign Shareholders

Our bye-laws have no requirements or restrictions with respect to foreign ownership of our shares.

Board of Directors

VEON Ltd. is governed by our board of directors, currently consisting of 11 directors.

Subject to certain material business decisions that are reserved to the board of directors, the board of directors generally delegates day-to-day management of our company to our co-CEOs.

All directors are elected by our shareholders to the board through cumulative voting. Each voting share confers on its holder a number of votes equal to the number of directors to be elected. The holder may cast those votes for candidates in any proportion, including casting all votes for one candidate.

Under our bye-laws, the amount of any fees or other remuneration payable to directors is determined by the board of directors upon the joint recommendation of the compensation committee and the nominating and corporate governance committee. We may repay to any director such reasonable costs and expenses as he or she may incur in the performance of his or her duties.

There is no requirement for the members of our board of directors to own shares. A director who is not a shareholder will nevertheless be entitled to attend and speak at general meetings and at any separate meeting of the holders of any class of shares.

Neither Bermuda law nor our bye-laws establish any mandatory retirement age for our directors or executive officers.

Dividends and Dividend Rights

Pursuant to Bermuda law, we are prohibited from declaring or paying a dividend if there are reasonable grounds for believing that (a) we are, or would after the payment be, unable to pay our liabilities as they become due, or (b) the realizable value of our assets would, as a result of the dividend, be less than the aggregate of our liabilities.

The board of directors may, subject to our bye-laws and in accordance with the Companies Act, declare a dividend to be paid to the shareholders holding shares entitled to receive dividends, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in shares or other assets, including through the issuance of our shares or other securities, in which case the board of directors may fix the value for distribution in specie of any assets, shares or securities. We are not required to pay interest on any unpaid dividend.

In accordance with our bye-laws, dividends may be declared and paid in proportion to the amount paid up on each share. The holders of common shares are entitled to dividends if the payment of dividends is approved by the board of directors.

Dividends unclaimed for a period of six years from the date of payment may be forfeited.

Our bye-laws and Bermuda law do not provide for pre-emptive rights of shareholders in respect of new shares issued by us.

There is no statutory regulation of the conduct of takeover offers and transactions under Bermuda law. However, our bye-laws provide that any person who, individually or together with any of its affiliates or any other members of a group, acquires beneficial ownership of any shares which, taken together with shares already beneficially owned by it or any of its affiliates or its

group, in any manner, carry 50.0% or more of the voting rights of our issued and outstanding shares, must, within 30 days of acquiring such shares, make a general offer to all holders of shares to purchase their shares.

Interested Party Transactions

The board of directors have the right to approve transactions with interested parties, subject to compliance with Bermuda law. Prior to approval by the board of directors, as the case may be, on such transaction, all interests must be fully disclosed.

Liquidation Rights

If VEON Ltd. is wound up, the liquidator may, with the sanction of a resolution of the shareholders, divide among the shareholders in specie or in kind the whole or any part of our assets (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the same sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator thinks fit, but so that no shareholder may be compelled to accept any shares or other securities or assets on which there is any liability.

The holders of common shares, in the event of our winding-up or dissolution, are entitled to our surplus assets in respect of their holdings of common shares, pari passu and pro rata to the number of common shares held by each of them.

Share Registration, Transfers and Settlement

All of our issued shares are registered. The register of members of a company is generally open to inspection by shareholders and by members of the general public without charge. The register of members is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of members for not more than 30 days in a year). A company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside of Bermuda. A company is required to keep at its registered office a register of directors and officers that is open for inspection for not less than two hours in any business day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from adverse movements in foreign currency exchange rates and changes in interest rates on our obligations.

As of December 31, 2019, the largest currency exposure risks for our group were in relation to the Russian ruble, the Pakistani rupee, the Algerian dinar, the Bangladeshi taka, the Ukrainian hryvnia and the Uzbekistani som, because the majority of our cash flows from operating activities in Russia, Pakistan, Algeria, Bangladesh, Ukraine and Uzbekistan are denominated in each of these local currencies, respectively, while our debt, if not incurred in or hedged to the aforementioned currencies, is primarily denominated in U.S. dollars.

We hold approximately 47% of our cash and bank deposits in U.S. dollars in order to hedge against the risk of local currency devaluation.

To reduce balance sheet currency mismatches, we hold part of our debt in Russian ruble, Pakistani rupee and other currencies, as well as selectively enter into foreign exchange derivatives. Nonetheless, if the U.S. dollar value of the Bangladeshi taka, the Russian ruble, the Georgian lari, the Pakistani rupee, the Uzbekistani som, the Algerian dinar, the Ukrainian hryvnia or the Kazakh tenge were to dramatically decline, it could negatively impact our ability to repay or refinance our U.S. dollar denominated indebtedness as well as could adversely affect our financial condition and results of operations.

In accordance with our policies, we do not enter into any treasury transactions of a speculative nature.

For more information regarding our translation of foreign currency-denominated amounts into U.S. dollars and our exposure to adverse movements in foreign currency exchange rates, see — *Operating and Financial Review and Prospects — Factors Affecting Comparab*ility — *Net Foreign Exchange (Loss)/Gain* and *Note 17 — Financial Risk Management* to our Audited Consolidated Financial Statements.

Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk. For more information on risks associated with currency exchange rates, see — *Risk Factors — Market Risks — "We are exposed to foreign currency exchange loss and currency fluctuation and translation risks*."

The following table summarizes information, as of December 31, 2019, regarding the maturity of the part of our bank loans and bonds for which the foreign exchange revaluation directly affects our reported profit or loss:

	Aggregate nominal amount of bank loans and bonds denominated in foreign currency outstanding as of December 31,					Fair Value as of December 31,
	2019	**2020**	**2021**	**2022**	**2023**	**2019**
Total debt:						
Fixed Rate (in US$ millions)	262	262	—	—	—	287
Average interest rate	7.75%	7.75%	—	—	—	
Variable Rate (in US$ millions)	375	—	—	—	—	379
Average interest rate	4.31%	—	—	—	—	
TOTAL	637	262	—	—	—	667

As of December 31, 2019, the variable interest rate risk on the financing of our group was limited as 91% of the group's bank loans and bonds portfolio was fixed rate debt.

For more information on our market risks and financial risk management for derivatives and other financial instruments, see *Note 15 — Investments, Debt and Derivatives* and *Note 17 — Financial Risk Management* to our Audited Consolidated Financial Statements.

DECLARATIONS

Introduction

This 2019 VEON's Ltd. Annual Report dated March 13, 2020, comprises regulated information within the meaning of sections 1:1 and 5:25c of the Dutch Act on Financial Supervision "Wet op het financieel toezicht."

Declarations

The Company's co-CEOs, as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision, confirm that to the best of their knowledge:

- The 2019 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Director's Report included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of December 31, 2019, and of the development and performance of the business for the financial year then ended.
- The Director's Report includes a description of the principal risks and uncertainties that the Company faces.

This Annual Report, including the 2019 financial statements, which are audited by PricewaterhouseCoopers Accountants N.V., has been presented to the Board. The 2019 financial statements and the independent auditor's report relating to the audit of the 2019 financial statements were discussed with the Audit and Risk Committee in the presence of the senior management and the external independent auditor. The Board recommends that the General Meeting of Shareholders adopts the 2019 financial statements included in this Annual Report.

Amsterdam, the Netherlands

March 13, 2020

Kaan Terzioğlu co-CEO

Sergi Herrero co-CEO

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CONSOLIDATED INCOME STATEMENT

for the years ended December 31

	Note	2019	2018	2017
(In millions of U.S. dollars, except per share amounts)				
Service revenues		8,240	8,526	9,105
Sale of equipment and accessories		465	427	244
Other revenues / other income		158	133	125
Total operating revenues	3	**8,863**	**9,086**	**9,474**
Service costs		(1,554)	(1,701)	(1,879)
Cost of equipment and accessories		(479)	(415)	(260)
Selling, general and administrative expenses	4	(2,965)	(3,697)	(3,748)
Other operating gain / (loss)	10	350	—	—
Depreciation	12	(1,652)	(1,339)	(1,491)
Amortization	13	(394)	(495)	(537)
Impairment (loss) / reversal	11	(108)	(858)	(66)
Gain / (loss) on disposal of non-current assets		(43)	(57)	(26)
Gain / (loss) on disposal of subsidiaries		1	30	—
Operating profit		**2,019**	**554**	**1,467**
Finance costs		(892)	(816)	(935)
Finance income		53	67	95
Other non-operating gain / (loss)	5	21	(68)	(97)
Share of profit / (loss) of joint ventures and associates		—	—	(22)
Impairment of joint ventures and associates		—	—	(110)
Net foreign exchange gain / (loss)		(20)	15	(70)
Profit / (loss) before tax		**1,181**	**(248)**	**328**
Income tax expense	9	(498)	(369)	(472)
Profit / (loss) from continuing operations		**683**	**(617)**	**(144)**
Profit / (loss) after tax from discontinued operations	10	—	(300)	(390)
Gain / (loss) on disposal of discontinued operations	10	—	1,279	—
Profit / (loss) for the period		**683**	**362**	**(534)**
Attributable to:				
The owners of the parent (continuing operations)		621	(397)	(115)
The owners of the parent (discontinued operations)		—	979	(390)
Non-controlling interest		62	(220)	(29)
		683	**362**	**(534)**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent:				
From continuing operations	19	$0.36	($0.23)	($0.07)
From discontinued operations	19	$0.00	$0.56	($0.22)
Total	19	$0.36	$0.33	($0.29)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the years ended December 31

(In millions of U.S. dollars)	Note	2019	2018 *	2017
Profit / (loss)		**683**	**362**	**(534)**
Items that may be reclassified to profit or loss				
Share of other comprehensive income / (loss) of Italy Joint Venture		—	(18)	(12)
Foreign currency translation		49	(819)	(637)
Other	15	26	(7)	(7)
Items reclassified to profit or loss				
Reclassification of accumulated foreign currency translation reserve to profit or loss	10	—	(79)	—
Reclassification of accumulated share of other comprehensive income / (loss) of Italy Joint Venture to profit or loss	10	—	31	—
Other	15	(19)	5	—
Other comprehensive income / (loss) for the period, net of tax		**56**	**(887)**	**(656)**
Total comprehensive income / (loss) for the period, net of tax		**739**	**(525)**	**(1,190)**
Attributable to:				
The owners of the parent		733	(138)	(1,081)
Non-controlling interests		6	(387)	(109)
		739	**(525)**	**(1,190)**

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 23 for further details.*

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31

(In millions of U.S. dollars)	Note	2019	2018 *
Assets			
Non-current assets			
Property and equipment	12	7,340	4,932
Intangible assets	13	5,688	5,670
Investments and derivatives	15	235	58
Deferred tax assets	9	134	197
Other assets	7	163	135
Total non-current assets		**13,560**	**10,992**
Current assets			
Inventories		169	141
Trade and other receivables	6	628	577
Investments and derivatives	15	82	88
Current income tax assets	9	16	112
Other assets	7	354	367
Assets held for sale		—	17
Cash and cash equivalents	16	1,250	1,808
Total current assets		**2,499**	**3,110**
Total assets		**16,059**	**14,102**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	18	1,226	3,670
Non-controlling interests		994	(891)
Total equity		**2,220**	**2,779**
Non-current liabilities			
Debt and derivatives	15	7,759	6,567
Provisions	8	138	110
Deferred tax liabilities	9	141	180
Other liabilities	7	33	53
Total non-current liabilities		**8,071**	**6,910**
Current liabilities			
Trade and other payables		1,847	1,624
Debt and derivatives	15	2,585	1,289
Provisions	8	222	234
Current income tax payables	9	102	196
Other liabilities	7	1,012	1,066
Liabilities held for sale		—	4
Total current liabilities		**5,768**	**4,413**
Total equity and liabilities		**16,059**	**14,102**

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 23 for further details.*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2019

(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, 2018		**1,749,127,404**	**2**	**12,753**	**743**	**(1,412)**	**(8,416)**	**3,670**	**(891)**	**2,779**
Adjustments due to new accounting standards	24	—	—	—	—	(3)	—	(3)	(1)	(4)
As of January 1, 2019		**1,749,127,404**	**2**	**12,753**	**743**	**(1,415)**	**(8,416)**	**3,667**	**(892)**	**2,775**
Profit / (loss) for the period		—	—	—	—	621	—	621	62	683
Other comprehensive income / (loss)		—	—	—	6	1	105	112	(56)	56
Total comprehensive income / (loss)		**—**	**—**	**—**	**6**	**622**	**105**	**733**	**6**	**739**
Dividends declared	20	—	—	—	—	(525)	—	(525)	(108)	(633)
Changes in ownership interest in a subsidiary that do not result in a loss of control	10	—	—	—	(2,594)	—	—	(2,594)	1,986	(608)
Other		—	—	—	(42)	(12)	(1)	(55)	2	(53)
As of December 31, 2019		**1,749,127,404**	**2**	**12,753**	**(1,887)**	**(1,330)**	**(8,312)**	**1,226**	**994**	**2,220**

for the year ended December 31, 2018

(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, 2017		**1,749,127,404**	**2**	**12,753**	**729**	**(1,486)**	**(7,667)**	**4,331**	**(441)**	**3,890**
Adjustments due to new accounting standards		—	—	—	—	46	—	46	11	57
As of January 1, 2018		**1,749,127,404**	**2**	**12,753**	**729**	**(1,440)**	**(7,667)**	**4,377**	**(430)**	**3,947**
Profit / (loss) for the period		—	—	—	—	582	—	582	(220)	362
Other comprehensive income / (loss)		—	—	—	11	5	(736)	(720)	(167)	(887)
Total comprehensive income / (loss)		**—**	**—**	**—**	**11**	**587**	**(736)**	**(138)**	**(387)**	**(525)**
Dividends declared	20	—	—	—	—	(509)	—	(509)	(93)	(602)
Other		—	—	—	3	(50)	(13)	(60)	19	(41)
As of December 31, 2018		**1,749,127,404**	**2**	**12,753**	**743**	**(1,412)**	**(8,416)**	**3,670**	**(891)**	**2,779**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2017

(In millions of U.S. dollars, except for share amounts)	**Note**	Number of shares outstanding	Attributable to equity owners of the parent Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit *	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2017		**1,749,004,648**	**2**	**12,753**	**753**	**(439)**	**(7,109)**	**5,960**	**83**	**6,043**
Profit / (loss) for the period		—	—	—	—	(505)	—	(505)	(29)	(534)
Other comprehensive income		—	—	—	(18)	—	(558)	(576)	(80)	(656)
Total comprehensive income		**—**	**—**	**—**	**(18)**	**(505)**	**(558)**	**(1,081)**	**(109)**	**(1,190)**
Dividends declared	20	—	—	—	—	(536)	—	(536)	(168)	(704)
Share-based payment transactions		122,756	—	—	—	—	—	—	—	—
Changes in ownership interest in a subsidiary that do not result in a loss of control		—	—	—	(12)	—	—	(12)	(247)	(259)
Reallocation to legal reserve in Algeria		—	—	—	6	(6)	—	—	—	—
As of December 31, 2017		**1,749,127,404**	**2**	**12,753**	**729**	**(1,486)**	**(7,667)**	**4,331**	**(441)**	**3,890**

** Certain of the consolidated entities by VEON Ltd. are restricted from remitting funds in the form of cash dividends or loans by a variety of regulations, contractual or local statutory requirements, refer to Note 25 for further details.*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the years ended December 31

(In millions of U.S. dollars)	Note	2019	2018	2017
Operating activities				
Profit / (loss) before tax from continuing operations		1,181	(248)	328
Non-cash adjustments to reconcile profit before tax to net cash flows				
Depreciation, amortization and impairment loss / (reversal)		2,154	2,692	2,094
(Gain) / loss on disposal of non-current assets		43	57	26
(Gain) / loss on disposal of subsidiaries		(1)	(30)	—
Finance costs		892	816	935
Finance income		(53)	(67)	(95)
Other non-operating (gain) / loss		(21)	68	97
Share of loss and impairment of joint ventures and associates		—	—	132
Net foreign exchange (gain) / loss		20	(15)	70
Changes in trade and other receivables and prepayments		(224)	96	(168)
Changes in inventories		(28)	(88)	54
Changes in trade and other payables		52	274	311
Changes in provisions, pensions and other		106	40	(119)
Interest paid		(714)	(736)	(834)
Interest received		58	60	89
Income tax paid		(516)	(404)	(445)
Net cash flows from operating activities		**2,949**	**2,515**	**2,475**
Investing activities				
Purchase of property, plant and equipment and intangible assets		(1,683)	(1,948)	(2,037)
Payments on deposits		(922)	(32)	(1,165)
Receipts from deposits		698	1,066	267
Proceeds from sale of Italy Joint Venture		—	2,830	—
Receipts from / (investment in) financial assets		(9)	62	(101)
Other proceeds from investing activities, net		28	19	20
Net cash flows from / (used in) investing activities		**(1,888)**	**1,997**	**(3,016)**
Financing activities				
Proceeds from borrowings, net of fees paid *	15	2,610	807	6,193
Repayment of debt	15	(2,978)	(4,122)	(5,948)
Acquisition of non-controlling interest	10	(613)	—	(259)
Dividends paid to owners of the parent	20	(520)	(508)	(518)
Dividends paid to non-controlling interests	20	(138)	(93)	(201)
Net cash flows from / (used in) financing activities		**(1,639)**	**(3,916)**	**(733)**
Net increase / (decrease) in cash and cash equivalents		(578)	596	(1,274)
Net foreign exchange difference		(9)	(119)	(354)
Cash and cash equivalents at beginning of period		1,791	1,314	2,942
Cash and cash equivalents at end of period, net of overdraft	16	**1,204**	**1,791**	**1,314**

** Fees paid for borrowings were US$23 (2018: US$64, 2017: US$56)*

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

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

VEON Ltd. (**"VEON"**, the **"Company"**, and together with its consolidated subsidiaries, the **"Group"** or **"we"**) was incorporated in Bermuda on June 5, 2009. The registered office of VEON is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. VEON's headquarters and the principal place of business are located at Claude Debussylaan 88, 1082 MD Amsterdam, the Netherlands.

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

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

The consolidated financial statements were authorized by the Board of Directors for issuance on March 13, 2020. The Company has the ability to amend and reissue the consolidated financial statements.

The consolidated financial statements are presented in United States dollars (**"U.S. dollar"** or **"US$"**). In these Notes, U.S. dollar amounts are presented in millions, except for share and per share (or ADS) amounts and as otherwise indicated.

Major developments during the year ended December 31, 2019

On January 1, 2019, the Company adopted a new accounting standard – IFRS 16 Leases – using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and comparatives were not restated. For further details please refer to Note 24.

In February 2019, the Company announced a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years. The parties have signed binding terms to vary the existing agreements and as a result, VEON received US $350 during the first half of 2019. For further details please refer to Note 10.

In August 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of issued shares of Global Telecom Holding S.A.E. (**"GTH"**). For further details please refer to Note 10.

In October 2019, the Company issued its US$700 4.00% senior unsecured notes ("Notes") due in 2025. The net proceeds of the offering have been used primarily to refinance certain existing outstanding debt and address upcoming debt maturities, including drawings on the revolving credit facility used to fund the mandatory tender offer for GTH, and for general corporate purposes. For further details please refer to Note 15.

On October 31, 2019, VEON announced that the Deferred Prosecution Agreement (**"DPA"**), that VEON entered into with the US Department of Justice in February 2016 concluded. This marks the conclusion of the compliance monitorship, conducted in connection with the DPA and VEON's settlement with the US Securities and Exchange Commission. For further details please refer to Note 8.

In November 2019, Telenor, one of the Company's main shareholders, announced the sale of the balance of their shares in the VEON Group. Telenor held approximately 157 million shares, representing approximately 8.9% of VEON's total outstanding equity. With this sale, the free float of the VEON Group has increased from approximately 34.9% to 43.8%. For further details please refer to Note 18.

2 SEGMENT INFORMATION

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

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

As of January 1, 2019, the Company adopted the new accounting standard IFRS 16 *Leases*. Accordingly, operating lease expenses are no longer recorded in the income statement but are instead considered in recording a lease liability in the statement of financial position. The Company applied a modified retrospective approach, which means that prior period comparatives were not restated. Refer to Note 24 for more details. As a result, Adjusted EBITDA in 2019 is not comparable to Adjusted EBITDA in 2018 and 2017.

As of December 31, 2019, management decided to include Kazakhstan as a separate reportable segment due to the increased impact of Kazakhstan operations on the overall business (previously presented within 'Other'). In addition, management decided to show the financial impact of HQ from operating companies. Comparative figures for 2018 and 2017 have been adjusted to reflect this change.

Financial information by reportable segment for the periods ended December 31 is presented in the following tables. Inter-segment transactions between segments are not material, and are made on terms which are comparable to transactions with third parties.

	Total revenue			Adjusted EBITDA			CAPEX excl licenses and ROU		
	2019	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Our cornerstone									
Russia	4,481	4,654	4,729	1,957	1,677	1,788	976	742	667
Our growth engines									
Pakistan	1,321	1,494	1,525	669	714	703	213	199	240
Ukraine	870	688	622	572	387	347	156	115	98
Kazakhstan	486	441	416	270	206	180	108	66	75
Uzbekistan	258	315	513	136	136	261	53	39	63
Our frontier markets									
Algeria	775	813	915	354	363	426	108	107	132
Bangladesh	537	521	574	222	183	233	82	93	101
Other and eliminations	135	160	180	312	(34)	(26)	38	43	53
HQ	—	—	—	(277)	(359)	(325)	7	11	31
Total segments	**8,863**	**9,086**	**9,474**	**4,215**	**3,273**	**3,587**	**1,741**	**1,415**	**1,460**

The following table provides the reconciliation of consolidated Adjusted EBITDA to consolidated income statement before tax for the years ended December 31:

	2019	2018	2017
Total Segments Adjusted EBITDA	**4,215**	**3,273**	**3,587**
Depreciation	(1,652)	(1,339)	(1,491)
Amortization	(394)	(495)	(537)
Impairment (loss) / reversal	(108)	(858)	(66)
Gain / (loss) on disposal of non-current assets	(43)	(57)	(26)
Gain / (loss) on sale of subsidiaries	1	30	—
Finance costs	(892)	(816)	(935)
Finance income	53	67	95
Other non-operating gain / (loss), net	21	(68)	(97)
Share of loss of joint ventures and associates	—	—	(22)
Impairment of joint ventures and associates	—	—	(110)
Net foreign exchange gain / (loss)	(20)	15	(70)
Profit / (loss) before tax from continuing operations	**1,181**	**(248)**	**328**

Geographical information of non-current assets

The total of non-current assets (other than financial instruments, investments in subsidiaries and deferred tax assets, which are included in 'HQ and eliminations' along with consolidation eliminations), broken down by location of the assets, is shown in the following tables:

	2019	2018
Our cornerstone		
Russia	6,797	4,794
Our growth engines		
Pakistan	1,662	1,661
Ukraine	1,022	748
Kazakhstan	554	458
Uzbekistan	217	212
Our frontier markets		
Algeria	1,926	1,890
Bangladesh	855	773
Other and eliminations	499	438
HQ	28	18
Total segments	**13,560**	**10,992**

3 OPERATING REVENUE

VEON generates revenue from the provision of voice, data and other telecommunication services through a range of wireless, fixed and broadband Internet services, as well as selling equipment and accessories. Products and services may be sold separately or in bundled packages.

Revenue from contracts with customers

The following table provides a breakdown of revenue from contracts with customers by mobile and fixed line for the years ended December 31:

	Mobile			Fixed			Total revenue		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Our cornerstone									
Russia	3,938	4,085	4,053	543	569	676	4,481	4,654	4,729
Our growth engines									
Pakistan	1,321	1,494	1,525	—	—	—	1,321	1,494	1,525
Ukraine *	818	644	581	52	44	41	870	688	622
Uzbekistan	419	368	341	67	73	75	486	441	416
Kazakhstan	256	313	510	2	2	3	258	315	513
Our frontier markets									
Algeria	775	813	915	—	—	—	775	813	915
Bangladesh	537	521	574	—	—	—	537	521	574
Other and eliminations	76	128	189	59	32	(9)	135	160	180
HQ	—	—	—	—	—	—	—	—	—
Total segments	**8,140**	**8,366**	**8,688**	**723**	**720**	**786**	**8,863**	**9,086**	**9,474**

** Includes other revenue of US$6 for 2019 (2018: nil, 2017: nil)*

Assets and liabilities arising from contracts with customers

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

	December 31, 2019	December 31, 2018
Contract balances		
Receivables (billed)	748	672
Contract assets (unbilled)	38	44
Contract liabilities	(243)	(361)
Capitalized costs		
Customer acquisition costs	101	83

ACCOUNTING POLICIES

Revenue from contracts with customers

Service revenue

Service revenue includes revenue from airtime charges from contract and prepaid customers, monthly contract fees, interconnect revenue, roaming charges and charges for value added services (**"VAS"**). VAS includes short messages, multimedia messages, caller number identification, call waiting, data transmission, mobile internet, downloadable content, mobile finance services, machine-

to-machine and other services. The content revenue relating to VAS is presented net of related costs when the Company acts as an agent of the content providers and gross when the Company acts as the primary obligor of the transaction.

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

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

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

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

All service revenue is recognized over time.

Sale of equipment and accessories

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

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

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

Contract balances

Receivables and contracts assets mostly relate to amounts due from other operators and postpaid customers. Contract assets, often referred to as 'Accrued receivables,' are transferred to Receivables when the rights become unconditional, which usually occurs when the Group issues an invoice to the customer.

Contract liabilities, often referred to as 'Deferred revenue', relate primarily to non-refundable cash received from prepaid customers for fixed-term tariff plans or pay-as-you-use tariff plans. Contract liabilities are presented as 'Long-term deferred revenue', 'Short-term deferred revenue' and 'Customer advances' in Note 7. All current contract liabilities outstanding at the beginning of the year have been recognized as revenue during the year.

Customer acquisition costs

Certain incremental costs incurred in acquiring a contract with a customer (**"customer acquisition costs"**), are deferred in the consolidated statement of financial position, within 'Other assets' (see Note 7). Such costs generally relate to commissions paid to third-party dealers and are amortized on a straight-line basis over the average customer life, within 'Selling, general and administrative expenses'.

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

SOURCE OF ESTIMATION UNCERTAINTY

Average customer life

Management estimates the average customer life for revenue (such as upfront fees) from contracts with an indefinite term and for customer acquisition costs. The average customer life is calculated based on historical data, specifically churn rates for different customer segments (such as mobile and fixed line, prepaid and postpaid).

4 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

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

	2019	2018	2017
Network and IT costs	791	1,176	1,185
Personnel costs	875	889	927
Customer associated costs	720	867	893
Losses on receivables	66	62	59
Taxes, other than income taxes	158	217	219
Other	355	486	465
Total selling, general and administrative expenses	**2,965**	**3,697**	**3,748**

LEASES

On January 1, 2019, the Company adopted IFRS 16 *Leases*. The Company applied a modified retrospective approach, which means that prior period comparatives were not restated. For further details please refer to Note 24.

Lease expenses are no longer recorded in the income statement but are instead considered in recording a lease liability in the statement of financial position, except for short-term leases and leases for low value items which are immediately expensed as incurred. Total operating lease expense recognized in accordance with IAS 17 *Leases* in the consolidated income statement, primarily within "Network and IT costs", amounted to US$425 in 2018 and US$444 in 2017.

ACCOUNTING POLICIES

Customer associated costs

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

5 OTHER NON-OPERATING GAIN / (LOSS)

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

	2019	2018	2017
Loss from early debt redemption	—	(30)	(124)
Change of fair value of other derivatives	(17)	(58)	(13)
Other gains / (losses)	38	20	40
Other non-operating gain / (loss), net	**21**	**(68)**	**(97)**

Included in ‘Other gains / (losses)' in 2019 is a net gain of US$41 pertaining to the Company's hedging activities and money market funds revaluation results.

6 TRADE AND OTHER RECEIVABLES

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

	2019	2018	2017
Trade receivables (gross)*	786	716	798
Expected credit losses	(176)	(171)	(169)
Trade receivables (net)	**610**	**545**	**629**
Other receivable, net of expected credit losses allowance	18	32	126
Total trade and other receivables	**628**	**577**	**755**

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

As of December 31, 2019, an allowance for expected credit losses of US$176 (2018: US$171, 2017: US$169) is recorded against trade receivables. See below the movements in the allowance for expected credit losses:

	2019	2018	2017
Balance as of January 1	**171**	**169**	**160**
Adjustment due to new accounting standards	—	14	—
Accruals for expected credit losses	66	47	36
Recoveries	(8)	(17)	(9)
Accounts receivable written off	(31)	(18)	(13)
Reclassification	(24)	—	—
Foreign currency translation adjustment	2	(15)	(4)
Other movements	—	(9)	(1)
Balance as of December 31	**176**	**171**	**169**

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

			Days past due			
December 31, 2019	**Contract assets**	**Current**	**< 30 days**	**Between 31 and 120 days**	**> 120 days**	**Total**
Expected loss rate, %	1.1%	1.6%	4.9%	36.5%	86.9%	
Trade receivables	38	446	82	52	168	786
Expected credit losses	—	(7)	(4)	(19)	(146)	(176)
Trade receivables, net	**38**	**439**	**78**	**33**	**22**	**610**

			Days past due			
December 31, 2018	**Contract assets**	**Current**	**< 30 days**	**Between 31 and 120 days**	**> 120 days**	**Total**
Expected loss rate, %	0.2%	1.2%	9.6%	33.6%	81.5%	
Trade receivables	44	389	61	44	178	716
Expected credit losses	(1)	(5)	(6)	(15)	(144)	(171)
Trade receivables, net	**43**	**384**	**55**	**29**	**34**	**545**

ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables are measured at amortized cost and include invoiced amounts less appropriate allowances for estimated uncollectible amounts.

Expected credit losses

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

VEON applies the simplified approach (i.e. provision matrix) for calculating a lifetime ECL for its trade and other receivables, including unbilled receivables (contract assets). The provision matrix is based on the historical credit loss experience over the life of the trade receivables and is adjusted for forward-looking estimates. Forward looking estimates include macro-economic factors such as GDP (for receivables due from legal entities) and unemployment rates (for receivables due from individual customers). The provision matrix is reviewed on a quarterly basis.

7 OTHER ASSETS AND LIABILITIES

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

	2019	2018 *
Other non-current assets		
Customer acquisition costs (see Note 3)	101	83
Tax advances (non-income tax)	30	32
Other non-financial assets	32	20
Total other non-current assets	**163**	**135**
Other current assets		
Advances to suppliers	111	151
Input value added tax	158	149
Prepaid taxes	45	39
Other assets	40	28
Total other current assets	**354**	**367**

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 23 for further details.*

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

	2019	2018 *
Other non-current liabilities		
Long-term deferred revenue (see Note 3)	18	10
Other liabilities	15	43
Total other non-current liabilities	**33**	**53**
Other current liabilities		
Taxes payable (non-income taxes)	411	352
Short-term deferred revenue (see Note 3)	161	151
Customer advances (see Note 3)	64	200
Other payments to authorities	97	86
Due to employees	197	198
Other liabilities	82	79
Total other current liabilities	**1,012**	**1,066**

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 23 for further details.*

8 PROVISIONS AND CONTINGENT LIABILITIES

PROVISIONS

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

	Non-income tax provisions	Decom-missioning provision	Legal provision	Other provisions	Total *
As of January 1, 2018	**98**	**106**	**49**	**34**	**287**
Arising during the year	11	4	5	43	**63**
Reclassified to assets held for sale	(1)	(4)	—	—	**(5)**
Utilized	(11)	(1)	(2)	(15)	**(29)**
Unused amounts reversed	—	(2)	(8)	—	**(10)**
Transfer and reclassification	65	—	—	—	65
Discount rate adjustment and imputed interest (change in estimate)	—	8	—	—	**8**
Translation adjustments and other	(12)	(18)	—	(5)	**(35)**
As of December 31, 2018	**150**	**93**	**44**	**57**	**344**
Non-current	—	93	17	—	**110**
Current	150	—	27	57	**234**
As of January 1, 2019	**150**	**93**	**44**	**57**	**344**
Arising during the year	79	28	3	70	**180**
Utilized	(105)	(1)	(6)	(51)	**(163)**
Unused amounts reversed	(4)	—	(15)	—	**(19)**
Transfer and reclassification	5	5	(1)	(2)	**7**
Discount rate adjustment and imputed interest (change in estimate)	—	8	—	—	**8**
Translation adjustments and other	1	5	1	(4)	**3**
As of December 31, 2019	**126**	**138**	**26**	**70**	**360**
Non-current	—	138	—	—	**138**
Current	126	—	26	70	**222**

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 23 for further details.*

The timing of payments in respect of provisions is, with some exceptions, not contractually fixed and cannot be estimated with certainty. In addition, with respect to legal proceedings, given inherent uncertainties, there can be no guarantee that the ultimate outcome will be in line with VEON's current expectations. See "Sources of estimation uncertainty" below for further details regarding assumptions and sources of uncertainty.

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

Settlement of GTH Taxes

In June 2019, GTH reached agreement with the Egyptian Tax Authority (**"ETA"**) to settle tax liabilities of GTH and its Egyptian subsidiaries for a total amount of US$136 (the **"GTH Tax Settlement"**). The GTH Tax Settlement is in respect of tax liabilities of GTH and its Egyptian subsidiaries for the tax years 2000 through 2018 was settled following payments made in June 2019 and September 2019. As a result of the GTH Tax Settlement, the Group recorded an increase in non-income tax provisions of US$27, recorded in 'Selling, general and administrative expenses' in the consolidated income statement, and an increase in income tax liabilities of US$29, recorded in 'Income tax expenses' in the consolidated income statement (refer Note 9).

Investigations by SEC / DOJ / OM

During the first quarter of 2016,the Company reached resolutions through agreements with the U.S. Securities and Exchange Commission (**"SEC"**), the U.S. Department of Justice (**"DOJ"**), and the Dutch Public Prosecution Service (Openbaar Ministerie) (**"OM"**) relating to the previously disclosed investigations under the U.S. Foreign Corrupt Practices Act (the "**FCPA**") and relevant Dutch laws.

On February 18, 2016, the United States District Court for the Southern District of New York (the **"District Court"**) approved the agreements with the DOJ relating to charges that the Company and its subsidiary violated the anti-bribery, books-and-records and internal controls provisions of the FCPA. These agreements consisted of the deferred prosecution agreement (the **"DPA"**), entered into by VEON and the DOJ and a guilty plea by Unitel, a subsidiary of VEON operating in Uzbekistan. VEON also agreed to oversight by an independent compliance monitor to promote continued, and regular, compliance enhancements across the Company and its subsidiaries. On October 31, 2019, VEON announced that the DPA had concluded and the DOJ filed a motion to dismiss the criminal information in the District Court, marking the conclusion of the compliance monitorship required by the DPA and VEON's settlement with the US Department of Justice and Securities and Exchange Commission. On February 26, 2020, the District Court granted the motion to dismiss with prejudice and closed the case.

In 2019, the Company paid US$6 in legal fees (2018: US$7), utilizing this provision. The Company has revised its estimates in respect of this provision, with a reduction of US$10 leading to a remaining provision of US$10 as of December 31, 2019 (2018: US $26).

CONTINGENT LIABILITIES

The Group had contingent liabilities as of December 31, 2019 as set out below.

VEON - Securities Class Action

On November 4, 2015, a class action lawsuit was filed in the United States against VEON and certain of its then current and former officers by Charles Kux-Kardos, on behalf of himself and other investors in the Company alleging certain violations of the U.S. federal securities laws in connection with the Company's public disclosures relating to its operations in Uzbekistan. On December 4, 2015, a second complaint was filed by Westway Alliance Corp. that asserts essentially the same claims in connection with essentially the same disclosures.

On April 27, 2016, the court consolidated the two actions and appointed Westway as lead plaintiff. On May 6, 2016, a motion for reconsideration was filed on the appointment of Westway as lead plaintiff and on September 26, 2016, the court affirmed the selection of Westway as the lead plaintiff. An amended complaint was filed on December 9, 2016.

On September 19, 2017, the Court in the Southern District of New York rendered a decision granting in part VEON's motion to dismiss the Amended Complaint.

On February 9, 2018, VEON filed its Answer and Affirmative Defenses to the allegations that remain in the Amended Complaint after the Court's September 19, 2017 Order. Motions to dismiss were filed by all the individual defendants on February 9, 2018. On April 13, 2018, plaintiff dismissed its claims voluntarily against one of the individual defendants. On August 30, 2018, the Court granted the motions to dismiss by all of the individual defendants remaining in the action, and the time for appeal has now expired. On May 17, 2019, VEON filed a motion for judgment on the pleadings, arguing that Westway lacked standing as a result of the September 19, 2017 order because it had not purchased any securities on or after the date of the earliest alleged misstatement. On May 21, 2019, the Rosen Law Firm submitted a letter to the Court on behalf of Boris Lvov seeking a pre-motion conference for leave to file a motion to intervene and substitute Lvov as lead plaintiff. On May 24, 2019, Westway filed a letter opposing Mr. Lvov's request, and VEON filed a letter taking no position. Westway filed its opposition to VEON's motion on June 17, 2019, and VEON filed its reply papers on June 28, 2019. The Court's ruling on VEON's motion for judgment on the pleadings is pending. The Company intends to vigorously defend the action at all phases of the proceedings.

Canadian action brought by the Catalyst Capital Group Inc.

VEON was a defendant in an action brought in 2016 by The Catalyst Capital Group Inc. (**"Catalyst"**) for CAD 1.3 billion (US$1,034) alleging breach of contract in the Superior Court of Justice in Ontario, Canada.

On April 18, 2018, the Superior Court dismissed Catalyst's claim as an abuse of process. On May 2, 2019, the Ontario Court of Appeal upheld the dismissal. On November 14, 2019, the Supreme Court of Canada denied Catalyst's application for leave to appeal the dismissal. There is no further avenue of appeal and Catalyst's claim is fully terminated. All defendants, including VEON, were awarded legal costs for each level of proceedings.

VAT on Replacement SIMs

SIM Cards Issued June 2009 to December 2011

On April 1, 2012, the National Board of Revenue (**"NBR"**) issued a demand to Banglalink Digital Communications Limited (**"Banglalink"**) for BDT 7.74 billion (US$94) for unpaid SIM tax (VAT and supplementary duty). The NBR alleged that Banglalink evaded SIM tax on new SIM cards by issuing them as replacements. On the basis of 5 random SIM card purchases made by the NBR, the NBR concluded that all SIM card replacements issued by Banglalink between June 2009 and December 2011 (7,021,834 in total) were new SIM connections and subject to tax. Similar notices were sent to three other operators in Bangladesh. Banglalink and the other operators filed separate petitions in the High Court, which stayed enforcement of the demands.

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

The NBR Chairman and operators' representative agreed that the BTRC would prepare further guidelines for verification of SIM users. Although the BTRC submitted its guidelines (under which Bangalink's exposure was determined to be 8.5% of the original demand), the Convenor of the Review Committee submitted a supplementary report which disregarded the BTRC's guidelines and assessed Banglalink's liability for SIM tax to be BDT 7.62 billion (US$92). The operators refused to sign the supplementary report.

On May 18, 2015, Banglalink received an updated demand from the LTU claiming Banglalink had incorrectly issued 6,887,633 SIM cards as replacement SIM cards between June 2009 and December 2011 and required Banglalink to pay BDT 5.32 billion (US$64) in SIM tax. The demand also stated that interest may be payable. Similar demands were sent to the other operators.

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

The Bangladesh Appellate Tribunal rejected the appeal of Banglalink and all other operators on June 22, 2017. On July 11, 2017, Banglalink filed an appeal of the Appellate Tribunal's judgment with the High Court Division of the Supreme Court of Bangladesh. An appeal hearing is not yet scheduled.

SIM Cards Issued July 2012 to June 2015

On November 20, 2017, the LTU issued a final demand to Banglalink for BDT 1.69 billion (US$20) for unpaid tax on SIM card replacements issued by Banglalink between July 2012 and June 2015. On February 20, 2018, Banglalink filed its appeal against this demand before the Appellate Tribunal and deposited 10% of the amount demanded in order to proceed. By its judgment dated February 10, 2020, the Appellate Tribunal rejected Banglalink's appeal. Banglalink can appeal the decision to the High Court Division within 90 days of the judgment.

The operators continue to engage in discussions with the government in an attempt to resolve the dispute. As of December 31, 2019, the Company has recorded a provision of US$11 (2018: US$11). Hearings took place on March 19, 2019 and April 23, 2019. Further appeal hearings are not yet scheduled.

Dispute concerning sale of Telecel Globe Limited

Global Telecom Holding S.A.E. ("GTH") and Niel Natural Resources Investments S.A. ("Niel") entered into a Share Purchase Agreement on March 28, 2013, as amended from time to time (the "SPA") in relation to the proposed purchase by Niel of GTH's majority stake in Telecel Globe Limited ("Telecel") and telecommunications operations in the Central African Republic and Burundi. The parties subsequently entered into three amendments to the original SPA between April and August 2013 due to Niel's failure to timely close the intended transaction. Pursuant to the terms of the amendments, the parties extended the Longstop Date each time in exchange for payments of deposits by Niel. As Niel ultimately failed to close the intended transaction, the deposits paid to GTH were not refunded, which was in accordance with the terms of the SPA which is no longer in force. GTH completed the sale of Telecel in October 2014, to another purchaser for consideration less than had been agreed with Niel.

During 2019, Niel commenced an arbitration at the London Court of International Arbitration ("LCIA") in relation to the deposit monies retained by GTH and, in the Dutch courts, obtained an ex parte order attaching funds on GTH's bank accounts in The Netherlands and other pre-award security. Niel consented to the partial lifting of this Dutch court order as to the bank accounts and certain other pre-award security on December 3, 2019. On July 5, 2019, the Tribunal granted GTH's application for security for costs, pursuant to which Niel deposited GBP 250,000 in escrow with the LCIA. Niel filed its Statement of Claim on July 25, 2019; GTH filed its Statement of Defence and Cross-Claim on September 5, 2019; Niel filed its Statement of Reply and Defence to Cross-Claims on October 1, 2019; GTH filed its Statement of Reply to the Defence to Cross-Claims on October 14, 2019. A hearing is scheduled for September 2020.

On February 27, 2020, Niel joined GTH as a party to its claim originally lodged against the FRA and Prime Minister of Egypt in the Egyptian administrative courts on September 5, 2019. Niel is contesting the FRA's approval of the GTH delisting and sale of assets to VEON Holdings B.V. to avoid any interference with Niel's ability to enforce a potential award against GTH. On November 16, 2019, the court referred the case to the State Commissioner (a preparatory unit within the administrative court). The next hearing date before the state commissioner is April 6, 2020.

GTH plans to continue vigorously contesting Niel's arbitration claims and otherwise defending against all proceedings and actions in relation to the dispute with Niel.

Other contingencies and uncertainties

In addition to the individual matters mentioned above, the Company is involved in other disputes, litigation and regulatory inquiries and investigations, both pending and threatened, in the ordinary course of its business. The Company's dispute with the Pakistan Telecommunication Authority over its license renewal in Pakistan, explained in Note 15 below, is an example of such a matter. The total value of all other individual contingencies that are able to be quantified and are above US$5, other than disclosed above, amounts to US$69 (2018: US$68). The Company does not expect any liability arising from these contingencies to have a material effect on the results of operations, liquidity, capital resources or financial position of the Company. Furthermore, the Company believes it has provided for all probable liabilities arising in the ordinary course of its business.

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

ACCOUNTING POLICIES

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

SOURCE OF ESTIMATION UNCERTAINTY

The Group is involved in various legal proceedings, disputes and claims, including regulatory discussions related to the Group's business, licenses, tax positions and investments, and the outcomes of these are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to increase or decrease the amount recorded for a matter that has not been previously recorded because it was not considered probable.

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

9 INCOME TAXES

Current income tax is the expected tax expense, payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Income tax payable

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

	2019	2018
Current tax payable	36	32
Uncertain tax provisions	66	164
Total income tax payable	**102**	**196**

The decrease in uncertain tax provisions during the year was primarily due to tax payments made to Egyptian Tax Authority in relation to GTH tax liabilities, as mentioned in the explanatory notes to the effective tax rate below, and in Note 8.The balance of uncertain tax provisions is shown net of income tax assets which can be utilized to offset future tax charges should they arise, resulting in a reduction of the current period provision by US$51 (gross amount of US$117).

Income tax assets

The Company reported both current and non-current income tax assets, totaling US$16 (2018: US$112).

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

Income tax expense

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

	2019	2018	2017
Current income taxes			
Current year	495	477	397
Adjustments in respect of previous years	5	9	(28)
Total current income taxes	**500**	**486**	**369**
Deferred income taxes			
Movement of temporary differences and losses *	(36)	(152)	(13)
Changes in tax rates	(1)	6	10
Changes in recognized deferred tax assets	39	—	20
Adjustments in respect of previous years	3	28	86
Other	(7)	1	—
Total deferred tax expense	**(2)**	**(117)**	**103**
Income tax expense	**498**	**369**	**472**

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 23 for further details.*

Effective tax rate

The table below outlines the reconciliation between the statutory tax rate in the Netherlands (25%) and the effective income tax rates for the Group, together with the corresponding amounts, for the years ended December 31:

	2019	2018	2017
Profit / (loss) before tax from continuing operations	1,181	(248)	328
Income tax benefit / (expense) at statutory tax rate (25.0%)	**(295)**	**62**	**(82)**
Difference due to the effects of:			
Different tax rates in different jurisdictions	20	89	84
Non-deductible expenses	(90)	(120)	(117)
Non-taxable income	5	49	35
Adjustments in respect of previous years	(49)	(39)	(52)
Movements in recognized deferred tax assets	(13)	(354)	(166)
Withholding taxes	(50)	45	(123)
Uncertain tax positions	6	(17)	(24)
Change in income tax rate	1	(6)	(10)
Other	(33)	(78)	(17)
Income tax benefit / (expense)	**(498)**	**(369)**	**(472)**
Effective tax rate	**42.2%**	**-148.8%**	**143.9%**

Explanatory notes to the effective tax rate

Reason	Explanation
Different tax rates in different jurisdictions	Certain jurisdictions in which VEON operates have income tax rates which are different to the Dutch statutory tax rate of 25%. Profitability in countries with higher tax rates (including Pakistan, Algeria and Bangladesh) has a negative impact on the effective tax rate.
Non-deductible expenses	The Group incurs certain expenses which are non-deductible in the relevant jurisdiction. In 2019, as in previous years, such expenses include impairment losses (unless resulting in a change in temporary differences), certain non-income tax charges(i.e. minimum tax regimes) and some intra-group expenses (i.e. interest on internal loans).
Non-taxable income	The Group earns non-taxable income primarily in its holding companies, primarily relating to intra-group interest income and certain other income which is non-taxable in the relevant jurisdiction.
Adjustments in respect of previous years	The effect of prior year adjustments mainly relates to updated tax positions.
Movements in recognized deferred tax assets	Movements in recognized deferred tax assets are primarily caused by tax losses and other credits for which no deferred tax asset has been recognized. This primarily occurs in holding entities in the Netherlands (2019: $42, 2018: $147, 2017: $112) and in GTH (2019: $43, 2018: $213, 2017: $49).
Withholding taxes	Withholding taxes are recognized to the extent that dividends from foreign operations are expected to be paid in the foreseeable future. In 2019, similar to previous years, expenses relating to withholding taxes were primarily influenced by dividends expected from Russia, Algeria and Pakistan.
Uncertain tax positions	The tax legislation in the markets in which VEON operates is unpredictable and gives rise to significant uncertainties (see 'Sources of estimation uncertainty' below). Movements in uncertain tax positions stem from such uncertainties.
Change in income tax rate	Changes in tax rates impact the valuation of existing temporary differences. The nominal tax rates decreased in Pakistan in 2019, 2018 and 2017, and in Uzbekistan in 2018.
Other	In 2019, the Group recorded an increase in income tax liabilities of US$29 as a result of the settlement with the Egyptian Tax Authority for outstanding tax liabilities for GTH. Refer to Note 8 for further details. In previous years, other tax expense primarily related to the recording of alternative minimum and local taxes in Pakistan.

Deferred taxes

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

	2019	2018
Deferred tax assets	134	197
Deferred tax liabilities	(141)	(180)
Net deferred tax position	(7)	17

The following table shows the movements of net deferred tax positions in 2019:

		Movements in deferred taxes		
	Opening balance	Net income statement movement	Other movements	**Closing balance**
Property and equipment	(275)	5	(18)	(288)
Intangible assets	(60)	22	—	(38)
Trade receivables	32	16	(1)	47
Provisions	30	2	(1)	31
Accounts payable	113	11	32	156
Withholding tax on undistributed earnings	(50)	(2)	—	(52)
Tax losses and other balances carried forwards	2,173	(68)	(79)	2,026
Non-recognized deferred tax assets	(1,955)	—	61	(1,894)
Other	9	12	(16)	5
Net deferred tax positions	**17**	**(2)**	**(22)**	**(7)**

The following table shows the movements of net deferred tax positions in 2018:

		Movements in deferred taxes		
	Opening balance	Net income statement movement	Other movements	**Closing balance**
Property and equipment	(443)	126	42	(275)
Intangible assets	(165)	94	11	(60)
Trade receivables	36	(6)	2	32
Provisions	33	2	(5)	30
Accounts payable	133	7	(27)	113
Withholding tax on undistributed earnings	(116)	70	(4)	(50)
Tax losses and other balances carried forwards	2,434	(191)	(70)	2,173
Non-recognized deferred tax assets	(1,980)	—	25	(1,955)
Other	28	15	(34)	9
Net deferred tax positions	**(40)**	**117**	**(60)**	**17**

Unused tax losses and other credits carried forwards

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

As of December 31, 2019	0-5 years	6-10 years	More than 10 years	Indefinite	Total
Tax losses expiry					
Recognized losses	—	—	—	(280)	(280)
Recognized DTA	—	—	—	73	73
Non-recognized losses	(1,292)	(1,645)	—	(6,486)	(9,423)
Non-recognized DTA	279	357	—	1,258	1,894
Other credits carried forwards expiry					
Recognized credits	(13)	(46)	—	—	(59)
Recognized DTA	13	46	—	—	59
Non-recognized credits	—	—	—	(143)	(143)
Non-recognized DTA	—	—	—	31	31

As of December 31, 2018	0-5 years	6-10 years	More than 10 years	Indefinite	Total
Tax losses expiry					
Recognized losses	(83)	—	—	(425)	(508)
Recognized DTA	17	—	—	146	163
Non-recognized losses	(968)	(2,421)	—	(6,346)	(9,735)
Non-recognized DTA	198	497	—	1,260	1,955
Other credits carried forwards expiry					
Recognized credits	(30)	(25)	—	—	(55)
Recognized DTA	30	25	—	—	55
Non-recognized credits	—	—	—	—	—
Non-recognized DTA	—	—	—	—	—

Losses mainly relate to our holding entities in Luxembourg (2019: US$6,052; 2018: US$6,135) and the Netherlands (2019: US $2,937; 2018: US$2,762).

VEON reports the tax effect of the existence of undistributed profits that will be distributed in the foreseeable future. The Company has a deferred tax liability of US$52 (2018: US$50), relating to the tax effect of the undistributed profits that will be distributed in the foreseeable future, primarily in its Russian, Algerian and Pakistan operations.

As of December 31, 2019, undistributed earnings of VEON's foreign subsidiaries (outside the Netherlands) which are indefinitely invested and will not be distributed in the foreseeable future, amounted to US$6,194 (2018: US$6,330). Accordingly, no deferred tax liability is recognized for this amount of undistributed profits.

ACCOUNTING POLICIES

Income taxes

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

Uncertain tax positions

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

Deferred taxation

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

SOURCE OF ESTIMATION UNCERTAINTY

Tax risks

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

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

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

Recoverability of deferred tax assets

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

Uncertain tax positions

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

jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. In 2019, VEON adopted IFRC 23 'Uncertainty over income tax treatments', refer Note 24 for further details.

10 SIGNIFICANT TRANSACTIONS

SIGNIFICANT TRANSACTIONS IN 2019

Mandatory tender offer for shares of GTH

In August 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of GTH's issued shares, in connection with its Mandatory Tender Offer ("**MTO**") which had commenced in July 2019. The total price for the purchase of such shares was EGP 9,725 million (approximately US$587), reflecting the offer price per share of EGP 5.08. Following the completion of the MTO and as a result of further purchases by GTH, as of December 31, 2019, VEON and GTH hold approximately 99.54% of GTH's total outstanding equity. The MTO was funded by a combination of cash on hand and utilization of undrawn credit facilities (refer to Note 15 for further details).

These transactions represent a purchase of non-controlling interests (**"NCI"**) without a change of control. Consequently, the difference between the book value of NCI (negative value of US$1,986) and the cost of acquisition (US$608) was recorded directly within 'Other capital reserves' in the statement of changes in equity (loss of US$2,594).

Following the successful completion of the MTO, VEON continued with the restructuring of GTH, which included successful delisting of GTH's shares from the Egyptian Exchange and the approval by GTH shareholders of VEON's offer to acquire substantially all of the operating assets of GTH, both of which occurred on September 9, 2019.

Following that approval, VEON completed the intragroup transfers of Jazz, Banglalink and Med Cable. The intragroup transfer for Djezzy and Mobilink Bank are continuing. The operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, and as such, there is no material impact on these consolidated financial statements stemming from these asset transfers.

Revised technology infrastructure partnership with Ericsson

In February 2019, the Company announced a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue Manager Solution. This revised arrangement enables VEON to continue upgrading IT infrastructure with new digital business support systems (DBSS) using existing software from Ericsson which is already deployed in certain operating companies within VEON. The parties signed binding terms to vary the existing agreements and as a result VEON received US$350 during the first half of 2019, which was recorded within 'Other operating gain / (loss)' in the income statement.

Termination of network sharing in Kazakhstan

In April 2019, the Group received a settlement amount of US$38 from Kcell Joint Stock Company ("Kcell"), related to the termination of the network sharing agreement between Kcell and our subsidiary in Kazakhstan. This amount has been recorded in "Other income" within the consolidated income statement.

SIGNIFICANT TRANSACTIONS IN 2018 AND 2017

Sale of Italy Joint Venture

In July 2018, VEON entered into an agreement with CK Hutchison Holdings Ltd for the sale of its 50% stake in the Italy Joint Venture. In September 2018 the transaction was completed, and cash consideration was received in the amount of EUR 2,450 million (US $2,830).

Share of profit / (loss) of the Italy Joint Venture for 2018 and 2017 was reclassified to "Profit / (loss) after tax from discontinued operations."

The effect of the disposal is detailed below:

	2018
Cash consideration received	**2,830**
Derecognition of assets classified as held for sale	(1,599)
Release cumulative share of other comprehensive income / (loss) of Italy Joint Venture	(31)
Release cumulative foreign currency translation reserve related to Italy Joint Venture *	79
Gain / (loss) on disposal of discontinued operations	**1,279**

Exit from Euroset Holding N.V. Joint Venture

In July 2017, PJSC VimpelCom, a subsidiary of the Company, entered into a Framework Agreement with PJSC MegaFon (**"MegaFon"**) to unwind their retail joint venture, Euroset Holding N.V. (**"Euroset"**). Under the agreement, MegaFon acquired PJSC VimpelCom's 50% interest in Euroset and PJSC VimpelCom paid RUB 1.2 billion (US$21) and acquired rights to 50% of Euroset's approximately 4,000 retail stores in Russia. The transaction was completed in February 2018 and was accounted for as an asset acquisition, primarily the acquisition of contract-based intangible assets representing the right to use retail stores.

11 IMPAIRMENT OF ASSETS

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

Goodwill is tested for impairment annually (at October 1) or when circumstances indicate the carrying value may be impaired. The Company's impairment test is primarily based on fair value less cost of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management. The Company considers the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the quarterly financial performances of each cash-generating units (**"CGU"**) when reviewing for indicators of impairment in interim periods.

Impairment losses in 2019

During the third quarter of 2019, due to operational underperformance of its operations in Kyrgyzstan, the Company revised its previous estimates and assumptions regarding the future cash flows of the Kyrgyzstan CGU. Based on a recoverable value of US $42 , the Company recorded an impairment of US$90 against the carrying value of the CGU. The impairment loss for Kyrgyzstan was allocated first to the existing carrying value of goodwill (US$54) and then subsequently to property and equipment (US$33) and intangible assets (US$3), based on relative carrying values.

Additionally, in regard with the Company's commitment to network modernization, the Company continuously re-evaluates the plans for its existing network, primarily with respect to equipment purchased but not installed, and consequently recorded an impairment loss of US$18.

Impairment losses in 2018 and 2017

Due to operational performance of operating companies, in 2018 and 2017, respectively, the Company recorded an impairment of US$858 and US$66 as shown below. Impairment losses were allocated first to the existing carrying value of goodwill, and then subsequently to property and equipment and intangible assets based on relative carrying values.

	Property and equipment	Intangible assets	Goodwill	Total impairment
2018				
Algeria	—	—	125	125
Armenia	46	10	25	81
Bangladesh	221	230	—	451
Georgia	31	19	—	50
Kyrgyzstan	—	—	74	74
Other	37	40	—	77
	335	**299**	**224**	**858**
2017				
Armenia	—	—	34	34
Kyrgyzstan	—	—	17	17
Other	15	—	—	15
	15	**—**	**51**	**66**

KEY ASSUMPTIONS

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

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

The table below shows key assumptions used in fair value less costs of disposal calculations

	Discount rate (local currency)			Average annual revenue growth rate during forecast period			Terminal growth rate		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Russia	9.1%	10.3%	10.6%	1.4 %	1.1%	1.9 %	1.6%	1.3%	1.0%
Ukraine	14.6%	16.3%	17.1%	5.6 %	4.4%	3.9 %	3.2%	4.0%	2.0%
Algeria	10.4%	11.1%	10.7%	1.0 %	0.7%	1.0 %	1.0%	0.9%	3.0%
Pakistan	14.5%	14.4%	15.0%	3.9 %	3.5%	5.0 %	2.7%	4.0%	4.0%
Bangladesh	11.4%	12.2%	12.7%	3.2 %	0.6%	5.0 %	3.3%	4.0%	4.6%
Kazakhstan	9.2%	8.4%	10.8%	5.3 %	2.8%	3.2 %	3.3%	1.1%	2.4%
Kyrgyzstan	14.1%	14.8%	15.5%	1.6 %	2.8%	(1.5)%	5.0%	5.0%	3.5%
Uzbekistan	14.5%	13.1%	15.3%	4.1 %	5.5%	6.9 %	6.0%	6.3%	6.5%
Armenia	11.4%	12.5%	13.0%	(1.0)%	0.2%	(1.0)%	3.0%	0.8%	3.0%
Georgia	9.6%	10.6%	11.0%	3.6 %	2.1%	5.6 %	3.0%	3.0%	1.0%

	Average operating margin			Average CAPEX excl licenses and ROU as a percentage of revenue		
	2019	2018	2017	2019	2018	2017
Russia	34.7%	34.6%	36.4%	19.9%	19.8%	15.7%
Ukraine	59.9%	54.0%	49.9%	18.8%	16.3%	15.6%
Algeria	42.6%	44.0%	46.2%	12.5%	15.1%	14.8%
Pakistan	47.3%	47.9%	43.6%	17.2%	16.7%	15.3%
Bangladesh	36.0%	35.4%	38.7%	15.4%	14.9%	14.3%
Kazakhstan	49.9%	46.5%	44.5%	20.0%	17.7%	17.9%
Kyrgyzstan	31.4%	39.9%	42.0%	26.9%	17.2%	16.4%
Uzbekistan	51.4%	43.9%	42.9%	19.4%	16.2%	14.1%
Armenia	23.9%	23.6%	29.7%	23.0%	21.0%	19.6%
Georgia	28.9%	24.5%	25.2%	22.0%	23.8%	23.3%

Assumption	Description
Discount rate	Discount rates are initially determined in US dollars based on the risk-free rate for 20-year maturity bonds of the United States Treasury, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific CGU relative to the market as a whole. The equity market risk premium used was 5.6% (2018: 5.4%, 2017: 6.0%). The systematic risk, beta, represents the median of the raw betas of the entities comparable in size and geographic footprint with the ones of the Company (**"Peer Group"**). The debt risk premium is based on the median of Standard & Poor's long-term credit rating of the Peer Group. The weighted average cost of capital is determined based on target debt-to-equity ratios representing the median historical five-year capital structure for each entity from the Peer Group. The discount rate in functional currency of a CGU is adjusted for the long-term inflation forecast of the respective country in which the business operates, as well as applicable country risk premium.
Projected revenue growth rates	The revenue growth rates vary based on numerous factors, including size of market, GDP (Gross Domestic Product), foreign currency projections, traffic growth, market share and others.
Projected average operating margin	The Company estimates operating margin based on pre-IFRS 16 Adjusted EBITDA divided by Total Operating Revenue for each CGU and each future year. The forecasted operating margin is based on the budget of the following year and assumes cost optimization initiatives which are part of on-going operations, as well as regulatory and technological changes known to date, such as telecommunication license issues and price regulation among others.
Average CAPEX excl licenses and ROU as a percentage of revenue	CAPEX excl licenses and ROU is defined as purchases of property and equipment and intangible assets other than licenses and goodwill. The cash flow forecasts for capital expenditure are based on past experience and amounts budgeted for the following year(s) and include the network roll-outs plans and license requirements.
Projected license and spectrum payments	The cash flow forecasts for license and spectrum payments for each operating company for the initial five years include amounts for expected renewals and newly available spectrum. Beyond that period, a long-run cost of spectrum is assumed.
Long-term growth rate	A long-term growth rate into perpetuity is estimated based on a percentage that is lower than or equal to the country long-term inflation forecast, depending on the CGU.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

The following table illustrates the CGU with limited headroom and potential impairment that would need to be recorded if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods. Any additional adverse changes in the key parameters by more than one percentage point would increase the amount of impairment exposure approximately proportionally.

CGU	Headroom	Discount rate	Average growth rate	Average operating margin	Average CAPEX excl licenses and ROU / revenue	Terminal growth rate
Algeria	102	(45)	(80)	—	—	(5)

SOURCE OF ESTIMATION UNCERTAINTY

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

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

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

There are significant variations between different markets with respect to growth, mobile penetration, average revenue per user (**"ARPU"**), market share and similar parameters, resulting in differences in operating margins. The future development of operating margins is important in the Group's impairment assessments, and the long-term estimates of these margins are highly uncertain. This is particularly the case for emerging markets that are not yet in a mature phase.

12 PROPERTY AND EQUIPMENT

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

Net book value	Telecommunications equipment	Land, buildings and construction	Office and other equipment	Equipment not installed and assets under construction	Right-of-use assets	Total
As of January 1, 2018	**5,132**	**240**	**470**	**395**	**—**	**6,237**
Additions	52	8	14	1,173	—	**1,247**
Disposals	(51)	(2)	(10)	(5)	—	**(68)**
Depreciation charge for the year	(1,165)	(31)	(143)	—	—	**(1,339)**
Impairment	(280)	(10)	(8)	(37)	—	**(335)**
Transfers	979	22	136	(1,137)	—	**—**
Reclassified to assets held for sale	(15)	(1)	—	—	—	**(16)**
Translation adjustment	(644)	(24)	(66)	(60)	—	**(794)**
As of December 31, 2018	**4,008**	**202**	**393**	**329**	**—**	**4,932**
Adjustment due to IFRS 16	(71)	—	—	—	2,023	**1,952**
Additions	80	—	8	1,453	158	**1,699**
Disposals	(36)	(1)	(6)	(7)	(35)	**(85)**
Depreciation charge for the year	(1,032)	(33)	(139)	—	(448)	**(1,652)**
Impairment	(30)	(1)	(3)	(17)	—	**(51)**
Transfers	1,210	29	131	(1,370)	—	**—**
Modifications of right-of-use assets	—	—	—	—	141	**141**
Translation adjustment	177	20	33	28	146	**404**
As of December 31, 2019	**4,306**	**216**	**417**	**416**	**1,985**	**7,340**
Cost	11,799	493	1,467	563	2,472	**16,794**
Accumulated depreciation and impairment	(7,493)	(277)	(1,050)	(147)	(487)	**(9,454)**

There were no material changes in estimates related to property and equipment in 2019 other than the impairment described in Note 11 of US$51 (2018: US$335).

During 2019, VEON acquired property and equipment in the amount of US$480 (2018: US$346), which were not paid for as of year-end.

Property and equipment pledged as security for bank borrowings amounts to US$652 as of December 31, 2019 (2018: US$750), and primarily relate to securities for borrowings of Pakistan Mobile Communications Limited (**"PMCL"**).

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

Net book value	ROU - Telecommunications Equipment	ROU - Land, Buildings and Constructions	ROU - Office and Other Equipment	Total
As of January 1, 2019	**1,601**	**415**	**7**	**2,023**
Additions	142	16	—	**158**
Disposals	(27)	(6)	(2)	**(35)**
Depreciation charge for the year	(306)	(140)	(2)	**(448)**
Impairment	—	—	—	**—**
Transfers	18	(18)	—	**—**
Modifications and reassessments	94	47	—	**141**
Translation adjustment	116	30	—	**146**
As of December 31, 2019	**1,638**	**344**	**3**	**1,985**
Cost	1,980	487	5	**2,472**
Accumulated depreciation and impairment	(342)	(143)	(2)	**(487)**

COMMITMENTS

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

	2019	2018
Less than 1 year	677	433
Between 1 and 5 years	19	4
Total commitments	**696**	**437**

Capital commitments arising from telecommunications licenses

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

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

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

ACCOUNTING POLICIES

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

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

Class of property and equipment	Useful life
Telecommunication equipment	3 – 20 years
Buildings and constructions	10 – 50 years
Office and other equipment	3 – 10 years
Right-of-use assets	Equivalent lease term

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

SOURCE OF ESTIMATION UNCERTAINTY

Depreciation and amortization of non-current assets

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

The useful lives of property and equipment and intangible assets are reviewed at least annually, taking into consideration the factors mentioned above and all other relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, historical and expected replacements or transfer of assets and quality of components used.

13 INTANGIBLE ASSETS

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

Net book value	Telecommunication licenses, frequencies & permissions	Software	Brands and trademarks	Customer relationships	Other intangible assets	Goodwill	Total
As of January 1, 2018	**1,256**	**351**	**262**	**255**	**44**	**4,618**	**6,786**
Additions	526	171	—	—	20	—	**717**
Disposals	(6)	(1)	—	—	—	—	**(7)**
Amortization charge for the year	(176)	(179)	(74)	(54)	(12)	—	**(495)**
Impairment	(251)	(48)	—	—	—	(224)	**(523)**
Transfer	—	2	—	—	(2)	—	**—**
Translation adjustment	(154)	(32)	(10)	(24)	(10)	(578)	**(808)**
As of December 31, 2018	**1,195**	**264**	**178**	**177**	**40**	**3,816**	**5,670**
Adjustment due to IFRS 16	—	—	—	—	(15)	—	**(15)**
Additions	50	177	—	—	12	—	**239**
Disposals	—	—	—	—	(2)	—	**(2)**
Amortization charge for the year	(159)	(155)	(30)	(42)	(8)	—	**(394)**
Impairment	(3)	—	—	—	—	(54)	**(57)**
Transfer	—	8	—	—	(8)	—	**—**
Translation adjustment	17	22	1	7	3	197	**247**
As of December 31, 2019	**1,100**	**316**	**149**	**142**	**22**	**3,959**	**5,688**
Cost	*2,395*	*1,157*	*499*	*1,716*	*210*	***3,959***	***9,936***
Accumulated amortization and impairment	*(1,295)*	*(841)*	*(350)*	*(1,574)*	*(188)*		***(4,248)***

During 2019, there were no material change in estimates related to intangible assets other than the impairment described in Note 11 of US$57(2018: US$523, 2017: US$51).

During 2019, VEON acquired intangible assets in the amount of US$148 (2018: US$100), which were not yet paid for as of year-end.

GOODWILL

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

CGU	December 31, 2019	Impairment	Currency translation	December 31, 2018
Russia	2,265	—	247	2,018
Algeria	1,167	—	(9)	1,176
Pakistan	335	—	(36)	371
Kazakhstan	154	—	1	153
Kyrgyzstan	—	(54)	—	54
Uzbekistan	38	—	(6)	44
Total	**3,959**	**(54)**	**197**	**3,816**

CGU	December 31, 2018	Impairment	Translation adjustment	December 31, 2017
Russia	2,018	—	(416)	2,434
Algeria	1,176	(125)	(39)	1,340
Pakistan	371	—	(97)	468
Kazakhstan	153	—	(24)	177
Kyrgyzstan	54	(74)	—	128
Uzbekistan	44	—	(2)	46
Armenia	—	(25)	—	25
Total	**3,816**	**(224)**	**(578)**	**4,618**

COMMITMENTS

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

	2019	2018
Less than 1 year	77	23
Between 1 and 5 years	5	—
Total commitments	**82**	**23**

ACCOUNTING POLICIES

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

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

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

SOURCE OF ESTIMATION UNCERTAINTY

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

Depreciation and amortization of non-current assets

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

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

14 INVESTMENTS IN SUBSIDIARIES

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

Name of significant subsidiary	Country of incorporation	Nature of subsidiary	Equity interest held by the Group 2019	Equity interest held by the Group 2018
VEON Amsterdam B.V.	Netherlands	Holding	100.0%	100.0%
VEON Holdings B.V.	Netherlands	Holding	100.0%	100.0%
PJSC VimpelCom	Russia	Operating	100.0%	100.0%
JSC “Kyivstar”	Ukraine	Operating	100.0%	100.0%
LLP “KaR-Tel”	Kazakhstan	Operating	75.0%	75.0%
LLC “Unitel”	Uzbekistan	Operating	100.0%	100.0%
LLC “VEON Georgia”	Georgia	Operating	80.0%	80.0%
CJSC “VEON Armenia”	Armenia	Operating	100.0%	100.0%
LLC “Sky Mobile”	Kyrgyzstan	Operating	50.1%	50.1%
VEON Luxembourg Holdings S.à r.l.	Luxembourg	Holding	100.0%	100.0%
VEON Luxembourg Finance Holdings S.à r.l.	Luxembourg	Holding	100.0%	100.0%
VEON Luxembourg Finance S.A.	Luxembourg	Holding	100.0%	100.0%
Global Telecom Holding S.A.E	Egypt	Holding	99.5%	57.7%
Omnium Telecom Algérie S.p.A.*	Algeria	Holding	45.4%	26.3%
Optimum Telecom Algeria S.p.A.*	Algeria	Operating	45.4%	26.3%
Pakistan Mobile Communications Limited	Pakistan	Operating	85.0%	49.0%
Banglalink Digital Communications Limited	Bangladesh	Operating	100.0%	57.7%

** The Group has concluded that it controls Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A, see 'Significant accounting judgments' below for further details.*

Following the completion of the MTO and further purchases by GTH, VEON has increased its shareholding in GTH to 99.54% and consequently its indirect equity interest in its operating companies in Algeria, Pakistan and Bangladesh, refer Note 10 for further details.

MATERIAL PARTLY-OWNED SUBSIDIARIES

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

Name of significant subsidiary	Equity interest held by NCIs 2019	Equity interest held by NCIs 2018	Book values of material NCIs 2019	Book values of material NCIs 2018	Profit / (loss) attributable to material NCIs 2019	Profit / (loss) attributable to material NCIs 2018
LLP “KaR-Tel” (“Kar-Tel”)	25.0%	25.0%	232	228	27	19
LLC “Sky Mobile” (“Sky Mobile”)	49.9%	49.9%	79	133	(44)	(32)
Global Telecom Holding S.A.E (“GTH”)	0.5%	42.3%	853	(1,190)	75	(204)
Omnium Telecom Algérie S.p.A. (“OTA”)	54.4%	73.7%	871	1,091	55	1

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

Summarized income statement

	Kar-Tel			Sky Mobile			GTH			OTA		
	2019	2018	2017	2019	2018	2017	2019	2018*	2017	2019	2018	2017
Operating revenue	461	410	348	63	81	108	2,051	2,828	3,015	775	813	915
Operating expenses	(319)	(319)	(296)	(150)	(144)	(97)	(1,595)	(2,810)	(2,421)	(621)	(754)	(703)
Other (expenses) / income	(6)	6	(7)	(1)	—	(2)	947*	(377)	(450)	(17)	(11)	(27)
Profit / (loss) before tax	**136**	**97**	**45**	**(88)**	**(63)**	**9**	**1,403**	**(359)**	**144**	**137**	**48**	**185**
Income tax expense	(29)	(20)	(13)	—	(1)	(4)	(136)	(124)	(375)	(36)	(47)	(49)
Profit / (loss) for the year	**107**	**77**	**32**	**(88)**	**(64)**	**5**	**1,267**	**(483)**	**(231)**	**101**	**1**	**136**
Total comprehensive income / (loss)	**107**	**77**	**32**	**(88)**	**(64)**	**5**	**1,267**	**(483)**	**(231)**	**101**	**1**	**136**
Attributed to NCIs	27	19	8	(44)	(32)	3	75	(204)	(56)	55	1	100
Dividends paid to NCIs	**—**	**—**	**—**	**—**	**—**	**—**	**95**	**80**	**116**	**69**	**76**	**82**

** Included within Other (expenses) / income for GTH is a gain of US$1,262 relating to the intragroup transfer of Jazz, Banglalink and Med Cable, refer to* *Note 10* *for further details.*

Summarized statement of financial position

	Kar-Tel		Sky Mobile		GTH		OTA	
	2019	2018	2019	2018	2019	2018*	2019	2018
Property and equipment	271	192	50	76	608	1,652	600	498
Intangible assets	86	69	5	10	160	1,042	158	214
Other non-current assets	185	177	3	55	2,797	1,766	1,187	1,178
Trade and other receivables	18	13	4	3	146	263	34	48
Cash and cash equivalents	39	29	21	43	165	420	67	53
Other current assets	12	15	18	12	97	317	42	88
Debt and derivatives	(63)	—	(7)	—	(1,375)	(2,938)	(134)	(63)
Provisions	(6)	(4)	(1)	(2)	(70)	(312)	(22)	(25)
Other liabilities	(119)	(85)	(24)	(19)	(585)	(1,690)	(334)	(355)
Total equity	**423**	**406**	**69**	**178**	**1,943**	**520**	**1,598**	**1,636**
Attributed to:								
Equity holders of the parent	191	178	(10)	45	1,090	1,710	727	545
Non-controlling interests	232	228	79	133	853	(1,190)	871	1,091

** The total equity of GTH attributed to non-controlling interests includes the total equity which is attributed to non-controlling interests of OTA, GTH's subsidiary.*

Summarized statement of cash flows

	Kar-Tel			Sky Mobile			GTH			OTA		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Net operating cash flows	199	148	105	17	29	23	691	900	877	305	245	345
Net investing cash flows	(84)	(42)	(73)	(15)	(18)	(24)	(529)	(695)	(924)	(84)	(118)	(172)
Net financing cash flows	(104)	(90)	(48)	(24)	—	—	(395)	(110)	(157)	(205)	(193)	(350)
Net foreign exchange difference	—	(3)	—	—	—	—	(23)	(60)	(18)	(1)	(5)	(7)
Net increase / (decrease) in cash equivalents	11	13	(16)	(22)	11	(1)	(256)	35	(222)	15	(71)	(184)

SIGNIFICANT ACCOUNTING JUDGMENTS

Control over subsidiaries

Subsidiaries, which are those entities over which the Company is deemed to have control, are consolidated. In certain circumstances, significant judgment is required to assess if the Company is deemed to have control over entities where the Company's ownership interest does not exceed 50%. The Group has concluded that it controls Omnium Telecom Algérie S.p.A and Optimum Telecom Algeria S.p.A even though its subsidiary, Global Telecom Holding S.A.E. owned less than 50% of the ordinary shares. This is because the Company can exercise operational control through terms of a shareholders' agreement.

15 INVESTMENTS, DEBT AND DERIVATIVES

INVESTMENTS AND DERIVATIVE ASSETS

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

	Carrying value	
	2019	**2018**
At fair value through profit or loss		
Derivatives not designated as hedges	11	14
Derivatives designated as net investment hedges	—	45
Investments in debt instruments *	34	36
Other	—	3
	45	**98**
At amortized cost		
Security deposits and cash collateral	256	31
Other investments	16	17
	272	**48**
Total investments and derivatives	**317**	**146**
Non-current	235	58
Current	82	88

** Investments in debt instruments relate to government bonds or bills and are measured at fair value through other comprehensive income (with recycling).*

Security deposits

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 $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.

In September 2019, Jazz deposited approximately US$225 in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded as a financial investment asset within the statement of financial position and is presented as "Payments on deposits" within the statement of cash flows. The Islamabad High Court has not yet scheduled a hearing date.

DEBT AND DERIVATIVES

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

	Carrying value	
	2019	2018
At fair value through profit or loss		
Derivatives not designated as hedges	52	65
Derivatives designated as net investment hedges	161	—
Contingent consideration	41	40
Other	—	2
	254	**107**
At amortized cost		
Principal amount outstanding	7,519	7,298
Interest accrued	79	81
Discounts, unamortized fees, hedge basis adjustment	(10)	(13)
Bank loans and bonds	7,588	7,366
Lease liabilities	2,083	—
Put-option liability over non-controlling interest	342	306
Other financial liabilities	77	77
	10,090	**7,749**
Total debt and derivatives	**10,344**	**7,856**
Non-current	7,759	6,567
Current	2,585	1,289

Bank loans and bonds

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

						Principal amount outstanding	
Borrower	**Type of debt**	**Guarantor**	**Currency**	**Interest rate**	**Maturity**	**2019**	**2018**
VEON Holdings	Loans	None	RUB	8.75% to 10.0%	2022	2,303	2,051
VEON Holdings	Notes	None	US$	5.2% to 5.95%	2019 - 2023	529	1,100
VEON Holdings	Notes	None	US$	3.95% to 4.95%	2021 - 2024	1,133	1,133
VEON Holdings	Notes	PJSC VimpelCom	US$	7.50%	2022	417	417
VEON Holdings	Notes	None	US$	4.00 %	2025	700	—
GTH Finance B.V.	Notes	VEON Holdings	US$	6.25% to 7.25%	2020 -2023	1,200	1,200
PJSC VimpelCom, via VIP Finance Ireland	Eurobonds	None	US$	7.75 %	2021	262	262
PMCL	Loans	None	PKR	6mKIBOR + 0.35% to 0.8%	2020 -2022	226	256
PMCL	Loan	EKN *	US$	6mLIBOR + 1.9%	2020	75	137
PMCL	Loan	None	PKR	6mKIBOR + 0.75%	2026	121	—
Banglalink	Loan	None	US$	3mLIBOR + 2.50%	2020	300	—
Banglalink	Notes	None	US$	8.63%	2019	—	300
Banglalink	Loans	None	BDT	Average bank deposit rate + 3.0% to 4.25%	2020 - 2022	116	146
	Other bank loans and bonds					137	296
	Total bank loans and bonds					**7,519**	**7,298**

** Exportkreditnämnden (The Swedish Export Credit Agency)*

SIGNIFICANT CHANGES IN DEBT AND DERIVATIVES

Reconciliation of cash flows from financing activities

	Bank loans and bonds	Lease liabilities	Total
Balance as of January 1, 2018	**11,198**	**—**	**11,198**
Cash flows			
Proceeds from borrowings, net of fees paid	807	—	**807**
Repayment of debt	(4,122)	—	**(4,122)**
Interest paid	(736)	—	**(736)**
Non-cash movements			
Interest and fee accruals	738	—	**738**
Early redemption premium accrued *	44	—	**44**
Foreign currency translation	(573)	—	**(573)**
Other non-cash movements	10	—	**10**
Balance as of December 31, 2018	**7,366**	**—**	**7,366**
Adjustment due to new accounting standards	—	1,999	**1,999**
Balance as of January 1, 2019	**7,366**	**1,999**	**9,365**
Cash flows			
Proceeds from borrowings, net of fees paid	2,610	—	**2,610**
Repayment of debt	(2,612)	(366)	**(2,978)**
Interest paid	(566)	(148)	**(714)**
Non-cash movements			
Interest and fee accruals	599	178	**777**
Lease additions, disposals, impairment and modifications	—	262	**262**
Foreign currency translation	193	158	**351**
Other non-cash movements	(2)	—	**(2)**
Balance as of December 31	**7,588**	**2,083**	**9,671**

** Early redemption premium accrued in respect of the settlement of the cash tender offer for certain outstanding debt securities. The amount accrued relates to the excess of purchase price over the principal amount outstanding, which, together with the release of unamortized debt issuance costs and unamortized fair value hedge basis adjustment, resulted in a loss from early debt redemption of US$30 in 2018.*

VEON Holdings BV new notes

In October 2019, VEON Holdings issued US$$700 4.00% senior unsecured notes due 2025. The net proceeds of the notes issued have been used primarily to refinance drawings on the revolving credit facility used to fund the MTO for GTH.

Pakistan Mobile Communications Limited new bilateral term facility

In June 2019, PMCL entered into a bilateral secured PKR 14,369 million (approximately US$92) term facility with a local bank. The facility has a tenor of 7 years and bears interest at 6-month KIBOR increased by a margin of 0.75% per annum. The security is based on terms comparable with PMCL's existing debt.

Pakistan Mobile Communications Limited new syndicated term facility and Islamic facility

In June 2019, PMCL entered into a secured syndicated term facility and an Islamic financing facility for a joint amount of up to PKR 45,000 million (approximately US$287) and a period of up to 7 years. The cost of both facilities corresponds to 6-month KIBOR increased by a margin of 0.75% per annum. The security is based on terms comparable with PMCL's existing debt.

Banglalink Digital Communications Limited new syndicated term facility agreement

In April 2019, Banglalink entered into a new US$300 syndicated term facility agreement with several international banks. The facility is guaranteed by VEON Holdings for nil consideration. The facility has a tenor of 12 months with extension options for another 24 months upon agreement with the lenders, and was used to refinance the principal amount of Banglalink’s US$300 bond that matured in May 2019.

Lease liabilities

On January 1, 2019, the Company adopted IFRS 16 Leases, for further details please refer to Note 24. In 2019, interest in respect of lease liabilities is presented in "Finance costs" within the consolidated income statement.

FAIR VALUES

As of December 31, 2019, the carrying amounts of all financial assets and liabilities are equal to or approximate their respective fair values as shown in the table at the beginning of this note, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$7,887 (2018: US$7,430); and
- 'Lease liabilities', for which fair value has not been determined.

As of December 31, 2019 and December 31, 2018, all of the Group's financial instruments carried at fair value in the statement of financial position were measured based on Level 2 inputs, except for the Contingent consideration, for which fair value is classified as Level 3.

All movements in Contingent consideration in the years ended December 31, 2019 and 2018 relate to changes in fair value, which are unrealized, and are recorded in “Other non-operating gain / (loss)” within the consolidated income statement.

Fair values are estimated based on quoted market prices for our bonds, derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with similar maturity and risk profile. Observable inputs (Level 2) used in valuation techniques include interbank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads.

On a quarterly basis, the Company reviews if there are any indicators for a possible transfer between fair value hierarchy levels. This depends on how the Company is able to obtain the underlying input parameters when assessing the fair valuations.

During the years ended December 31, 2019 and 2018, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

HEDGE ACCOUNTING

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

Hedging instruments*	Designated rate	Excluded component	Hedged item	Currency	Aggregated designated nominal value of hedged items, million	
					2019	2018
Foreign currency forward contracts	Forward	foreign currency basis spread	PJSC VimpelCom	RUB	88,220 **	68,639 **

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

*** Hedging instruments have a weighted average term to maturity of 1 year as of December 31, 2019 (2018: 2 years).*

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

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

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

Impact of hedge accounting on equity

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

	Foreign currency translation reserve	Cost of hedging reserve
As of January 1, 2018	**(7,667)**	**—**
Foreign currency revaluation of the foreign operations and other	(753)	—
Effective portion of foreign currency revaluation of the hedging instruments *	83	—
Change in fair value of foreign currency basis spreads	—	(4)
Amortization of time-period related foreign currency basis spreads	—	5
Net investment hedge amount reclassified to profit or loss – sale of Italy Joint Venture	80	4
Disposal of subsidiaries – reclassification to profit or loss	(159)	—
As of December 31, 2018	**(8,416)**	**5**
Foreign currency revaluation of the foreign operations	332	—
Effective portion of foreign currency revaluation of the hedging instruments *	(228)	—
Change in fair value of foreign currency basis spreads	—	23
Amortization of time-period related foreign currency basis spreads	—	(19)
As of December 31, 2019	**(8,312)**	**9**

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

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

ACCOUNTING POLICIES AND SOURCES OF ESTIMATION UNCERTAINTY

Put options over non-controlling interest

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

Derivative contracts

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

Hedges of a net investment

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

Fair value of financial instruments

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

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

Measurement of lease liabilities

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

A significant portion of the lease contracts included within Company’s lease portfolio includes lease contracts which are extendable through mutual agreement between VEON and the lessor, or lease contracts which are cancelable by the Company immediately or on short notice. The Company includes these cancelable future lease periods within the lease term, which increases the future lease payments used in determining the lease liability upon initial recognition. VEON's determination of the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

16 CASH AND CASH EQUIVALENTS

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

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

	2019	2018
Cash and cash equivalents at banks and on hand	932	756
Cash equivalents with original maturity of less than three months	318	1,052
Cash and cash equivalents	**1,250**	**1,808**
Less overdrafts	(46)	(17)
Cash and cash equivalents, net of overdrafts, as presented in the consolidated statement of cash flows	**1,204**	**1,791**

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

The imposition of currency exchange controls or other similar restrictions on currency convertibility in the countries in which VEON operates could limit VEON's ability to convert local currencies or repatriate local cash in a timely manner or at all, as well as remit dividends from the respective countries. As of December 31, 2019, there were no restricted cash and cash equivalent balances (2018: nil).

Cash balances include investments in money market funds of US$155 (2018: US$349), which are carried at fair value through profit or loss with gains presented within 'Other non-operating gain / (loss)' within the consolidated income statement.

As of December 31, 2019, some bank accounts forming part of a cash pooling program and being an integral part of the Company's cash management remained overdrawn by US$46 (2018: US$17). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as debt and derivatives within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows.

17 FINANCIAL RISK MANAGEMENT

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

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

INTEREST RATE RISK

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

As of December 31, 2019, after taking into account the effect of interest rate swaps, approximately 91% of the Company's borrowings are at a fixed rate of interest (2018: 91%).

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

FOREIGN CURRENCY RISK

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

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

The Company hedges part of its exposure to fluctuations on the translation into U.S. dollars of its foreign operations by holding the borrowings in foreign currencies or by foreign exchange swaps and forwards. During the periods covered by these financial statements, the Company used foreign exchange forwards to mitigate foreign currency translation risk related to the Company's net investment in PJSC VimpelCom.

Foreign currency sensitivity

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

	Effect on profit / (loss) before tax		**Effect on other comprehensive income**	
Change in foreign exchange rate against US$	10% depreciation	10% appreciation	10% depreciation	10% appreciation
2019				
Euro	(2)	3	—	—
Russian Ruble	(9)	11	119	(145)
Bangladeshi Taka	(27)	30	—	—
Pakistani Rupee	(10)	11	—	—
Georgian Lari	(36)	39	—	—
Other currencies (net)	(1)	2	—	—
2018				
Euro	(2)	3	—	—
Russian Ruble	(32)	35	70	(77)
Bangladeshi Taka	(76)	83	—	—
Pakistani Rupee	(19)	20	—	—
Georgian Lari	(34)	37	—	—
Other currencies (net)	—	—	—	—

CREDIT RISK

The Company is exposed to credit risk from its operating activities (primarily from trade receivables), and from its treasury activities, including deposits with banks and financial institutions, derivative financial instruments and other financial instruments. See Note 16 for further information on restrictions on cash balances.

Trade receivables consist of amounts due from customers for airtime usage and amounts due from dealers and customers for equipment sales. VEON's credit risk arising from the services the Company provides to customers is mitigated to a large extent due to the majority of its active customers being subscribed to a prepaid service as of December 31, 2019 and 2018, and accordingly not giving rise to credit risk. For postpaid services, in certain circumstances, VEON requires deposits as collateral for airtime usage. Equipment sales are typically paid in advance of delivery, except for equipment sold to dealers on credit terms.

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

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

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

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

The Company's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2019 and 2018 is the carrying amount as illustrated in Note 15, Note 16 and Note 17.

LIQUIDITY RISK

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bonds, bank overdrafts, bank loans and lease contracts. The Company's policy is to create a balanced debt maturity profile. As of December 31, 2019, 21% of the Company's debt (2018: 17%) will mature in less than one year based on the carrying value of bank loans, bonds and other borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low based on liquidity in the markets the Company has access to, and recent history of refinancing. The Company believes that access to sources of funding is sufficiently available and the Company's policy is to diversify the funding sources where possible.

Available facilities

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

	Amounts in millions of transactional currency				US$ equivalent amounts		
	Final availability period	Facility amount	Utilized	Available	Facility amount	Utilized	Available
2019							
VEON Holdings B.V. – Revolving Credit Facility	Feb 2022	US$1,688 *	—	US$1,688	1,688	—	1,688
PMCL - Syndicated Term Facility and Islamic Finance Facility	Mar 2020	PKR 45,000	PKR 15,885	PKR 29,115	291	103	188
PMCL - Term Facility	Sep 2020	PKR 14,369	PKR 2,963	PKR 11,406	93	19	74

** Facility amount of US$1,688 is available until February 2020. Subsequently a reduced facility amount of US$1,586 is available until February 2021 and further reduced facility amount of US$1,382 is available until February 2022*

	Amounts in millions of transactional currency				US$ equivalent amounts		
	Final availability period	Facility amount	Utilized	Available	Facility amount	Utilized	Available
2018							
VEON Holdings B.V. – Revolving Credit Facility	Feb 2022	US$1,688	—	US$1,688	1,688	—	1,688
PMCL - Syndicated Term Loan Facility	Jun 2019	PKR 26,750	PKR 17,000	PKR 9,750	191	122	69
PMCL - Term Loan Facility	Jun 2019	PKR 10,000	PKR 5,463	PKR 4,537	72	39	33

** Facility amount of US$1,688 is available until February 2020. Subsequently a reduced facility amount of US$1,586 is available until February 2021.*

Maturity profile

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Payments related to variable interest rate financial liabilities and derivatives are included based on the interest rates and foreign currency exchange rates applicable as of December 31, 2019 and 2018, respectively. The total amounts in the table differ from the carrying amounts as stated in Note 15 as the below table includes both undiscounted principal amounts and interest while the carrying amounts are measured using the effective interest rate method.

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2019					
Bank loans and bonds	2,100	3,909	2,009	794	8,812
Lease liabilities	581	920	728	420	2,649
Derivative financial liabilities					
Gross cash inflows	(1,150)	(378)	—	—	(1,528)
Gross cash outflows	1,311	483	—	—	1,794
Trade and other payables	1,847	—	—	—	1,847
Other financial liabilities	41	77	—	—	118
Warid non-controlling interest put option liability	342	—	—	—	342
Total financial liabilities	5,072	5,011	2,737	1,214	14,034
Related derivatives financial assets					
Gross cash inflows	(273)	—	—	—	(273)
Gross cash outflows	262	—	—	—	262
Related derivative financial assets	(11)	—	—	—	(11)
Total financial liabilities, net of derivative assets	**5,061**	**5,011**	**2,737**	**1,214**	**14,023**

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
As of December 31, 2018					
Bank loans and bonds	1,697	3,866	2,642	579	8,784
Derivative financial liabilities					
Gross cash inflows	(368)	(54)	—	—	(422)
Gross cash outflows	394	68	—	—	462
Trade and other payables *	1,624	—	—	—	1,624
Other financial liabilities	—	62	—	—	62
Warid non-controlling interest put option liability	—	306	—	—	306
Total financial liabilities	3,347	4,248	2,642	579	10,816
Related derivatives financial assets					
Gross cash inflows	(300)	(610)	(330)	—	(1,240)
Gross cash outflows	286	634	354	—	1,274
Related derivative financial assets	(14)	24	24	—	34
Total financial liabilities, net of derivative assets	3,333	4,272	2,666	579	10,850

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 23 for further details.*

CAPITAL MANAGEMENT

The primary objective of the Company’s capital management is to ensure that it maintains healthy capital ratios, so as to secure access to debt and capital markets at all times and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Current credit ratings of the Company support its capital structure objectives. In September 2019, VEON announced a revised dividend policy that targets paying at least 50% of prior year Equity Free Cash Flow after licenses. There were no other changes made in the Company’s objectives, policies or processes for managing capital during 2019.

The Net Debt to Adjusted EBITDA ratio is an important measure used by the Company to assess its capital structure. Net Debt represents the principal amount of interest-bearing debt less cash and cash equivalents and bank deposits. Adjusted EBITDA is defined as last twelve months earnings before interest, tax, depreciation, amortization and impairment, loss on disposals of non-current assets, other non-operating losses and share of profit / (loss) of joint ventures. For reconciliation of Adjusted EBITDA to Profit / (loss) before tax, refer to Note 2. VEON's internal target is to keep Net Debt to Adjusted EBITDA at around 2 on the basis of the so called "GAAP freeze" principle, i.e. under the IAS 17 framework, which is equivalent to 2.4 on the post-IFRS 16 basis.

Further, this ratio is included as a financial covenant in the credit facilities of the Company. For most of our credit facilities the Net Debt to Adjusted EBITDA ratio is calculated at consolidated level of VEON Ltd. and is “pro-forma” adjusted for acquisitions and divestments of any business bought or sold during the relevant period. Under these credit facilities, the Company is required to maintain the Net Debt to Adjusted EBITDA ratio below 3.5 (on the basis of the so called "GAAP freeze" principle). The Company has not breached any financial covenants during the period covered by these financial statements.

18 ISSUED CAPITAL AND RESERVES

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

	2019	2018
Authorized common shares (nominal value of US$0.001 per share)	1,849,190,670	1,849,190,670
Issued shares, including 7,603,731 shares held by a subsidiary of the Company	1,756,731,135	1,756,731,135

The holders of common shares are, subject to our by-laws and Bermuda law, generally entitled to enjoy all the rights attaching to common shares.

As of December 31, 2019, the Company's largest shareholders and remaining free float are as follows:

Shareholder	Common shares	% of common and voting shares
L1T VIP Holdings S.à r.l. ("LetterOne")	840,625,001	47.9%
Stichting Administratiekantoor Mobile Telecommunications Investor *	145,947,562	8.3%
Free Float, including 7,603,731 shares held by a subsidiary of the Company	770,158,572	43.8%
Total outstanding common shares	**1,756,731,135**	**100.0%**

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

Telenor sale of shares

During 2019 Telenor East Holding II AS (**"Telenor"**), in a number of transactions, sold its whole shareholding in VEON Ltd. The transactions are in line with Telenor's previously announced intention to fully divest its holding in VEON. The free float of the VEON Group has increased from approximately 29.6% to 43.8%.

Nature and purpose of reserves

Other capital reserves are mainly used to recognize the results of transactions that do not result in a change of control with non-controlling interest (see Note 14). The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, net of any related hedging activities (see Note 15).

19 EARNINGS PER SHARE

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

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

Continuing operations	**2019**	**2018**	**2017**
(In millions of U.S. dollars, except share and per share amounts)			
Numerator:			
Profit / (loss) for the period attributable to the owners of the parent	621	(397)	(115)
Denominator:			
Weighted average common shares outstanding for basic earnings per share (in millions)	1,749	1,749	1,749
Denominator for diluted earnings per share (in millions)	1,749	1,749	1,749
Basic (loss) / earnings per share	**$0.36**	**($0.23)**	**($0.07)**
Diluted (loss) / earnings per share	**$0.36**	**($0.23)**	**($0.07)**

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

Discontinued operations	**2019**	**2018**	**2017**
(In millions of U.S. dollars, except share and per share amounts)			
Numerator:			
Profit / (loss) for the period attributable to the owners of the parent	—	979	(390)
Denominator:			
Weighted average common shares outstanding for basic earnings per share (in millions)	1,749	1,749	1,749
Denominator for diluted earnings per share (in millions)	1,749	1,749	1,749
Basic (loss) / earnings per share	**$0.00**	**$0.56**	**($0.22)**
Diluted (loss) / earnings per share	**$0.00**	**$0.56**	**($0.22)**

20 DIVIDENDS PAID AND PROPOSED

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

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

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

Following table provides an overview of the dividends announced by VEON for years 2019 and 2018:

Description	Dividends declared	Dividends paid	Dividends, US$ cents per share
Final for 2019	February 2020	Expected March 2020	15
Interim for 2019	August 2019	August 2019	13
Final for 2018	February 2019	March 2019	17
Interim for 2018	August 2018	August 2018	12

The Company makes appropriate tax withholdings of up to 15% when the dividends are being paid to the Company's share depositary, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, dividends are paid in euro.

DIVIDENDS DECLARED TO NON-CONTROLLING INTERESTS

During the 2019, 2018 and 2017 years, certain subsidiaries of the Company declared dividends, of which a portion was paid or payable to non-controlling interests.

Name of subsidiary	Dividend declared	Dividend paid	Paid or payable to non-controlling interests
Omnium Telecom Algeria S.p.A	June 2019	September 2019	69
VIP Kazakhstan Holding AG	January 2019	January 2019	24
TNS Plus LLP	April 2019	April 2019	12
Rascom CJSC	June 2019	August 2019	3
Total for 2019			**108**
Omnium Telecom Algeria S.p.A	June 2018	August 2018	76
TNS Plus LLP	April 2018	April 2018	11
TNS Plus LLP	April 2018	August 2018	2
Rascom CJSC	June 2018	July 2018	2
Buzton LLC	July 2018	September 2018	2
Total for 2018			**93**
VIP Kazakhstan Holding AG	October 2017	October 2017	11
Omnium Telecom Algeria S.p.A	June 2017	August 2017	82
TNS Plus LLP	May 2017	May 2017	12
VIP Kyrgyzstan Holding AG	February 2017	February 2017	55
TNS Plus LLP	January 2017	January 2017	8
Total for 2017			**168**

In 2019, PMCL, a subsidiary of the Company, declared dividends to its shareholders, of which US$24 (2018: US$11, 2017: US$54) was declared to non-controlling shareholders of PMCL. Dividends declared to non-controlling interests of PMCL reduces the principal amount of the put-option liability over non-controlling interest on the date of declaration. As of December 31, 2019, there is no remaining amount payable to non-controlling interests (2018: US$7, 2017: US$26).

As of December 31, 2019, the Company has no ultimate controlling shareholder. See also Note 18 for details regarding ownership structure.

COMPENSATION TO DIRECTORS AND SENIOR MANAGERS OF THE COMPANY

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

	2019	2018	2017
Short-term employee benefits	48	33	42
Long-term employee benefits	—	—	1
Share-based payments	3	—	1
Termination benefits	—	2	1
Total compensation to directors and senior management *	**51**	**35**	**45**

** The number of directors and senior managers vary from year to year. Amounts disclosed in previous years for 'Long-term employee benefits' represented total nominal values of the grants covering multiple years. Total compensation paid to directors and senior management approximates the amount charged in the consolidated income statement for that year.*

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

Compensation of Key Senior Managers

The following table sets forth the total remuneration expense and compensation paid to the key senior managers in 2019 and 2018 (gross amounts in whole euro and whole US$ equivalents):

	Ursula Burns	Jean-Yves Charlier	Trond Westlie	Murat Kirkgoz	Kjell Johnsen	Kaan Terzioglu	Sergi Herrero	Scott Dresser
In whole euros	Group CEO	Group CEO	Group CFO(v)	Deputy Group CFO(v)	Group COO(vi)	Joint Group COO(vi)	Joint Group COO(vi)	Group General Counsel
2019								
Short-term employee benefits								
Base salary(i)	5,500,000	—	1,500,000	264,500	1,250,000	220,500	342,036	1,300,000
Annual incentive(ii)	10,461,000	—	1,455,216	211,713	4,184,355	472,151	514,460	2,258,882
Other(iii)	1,146,503	—	24,100	35,750	46,857	105,999	1,560,229	29,100
Long-term employee benefits	—	—	—	—	—	—	—	—
Share-based payments(iv)	—	—	64,842	8,242	(828,047)	—	—	(697,504)
Termination benefits	—	—	—	—	—	—	—	—
Total remuneration expense	**17,107,503**	**—**	**3,044,158**	**520,205**	**4,653,165**	**798,650**	**2,416,725**	**2,890,478**
2019								
Short-term employee benefits								
Base salary(i)	5,500,000	—	1,500,000	264,500	1,250,000	220,500	342,036	1,300,000
Annual incentive(ii)	5,472,400	—	1,412,613	—	3,766,855	—	—	2,470,653
Other(iii)	1,146,503	—	24,100	35,750	46,857	105,999	1,560,229	29,100
Long-term employee benefits	—	—	—	—	—	—	—	—
Share-based payments	2,791,290	—	—	—	—	—	—	—
Termination benefits	—	—	—	—	—	—	—	—
Total remuneration paid	**14,910,193**	**—**	**2,936,713**	**300,250**	**5,063,712**	**326,499**	**1,902,265**	**3,799,753**
2018								
Short-term employee benefits								
Base salary(i)	4,602,902	1,902,600	1,500,000	—	1,425,000	—	—	1,233,333
Annual incentive(ii)	—	7,717,900	127,313	—	—	—	—	405,899
Other(iii)	104,645	489,070	21,695	—	70,442	—	—	927,489
Long-term employee benefits	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—
Termination benefits	—	1,340,278	—	—	—	—	—	—
Total remuneration paid	**4,707,547**	**11,449,848**	**1,649,008**	**—**	**1,495,442**	**—**	**—**	**2,566,721**

In whole US dollars	**Ursula Burns** Group CEO	**Jean-Yves Charlier** Group CEO	**Trond Westlie** Group CFO[v]	**Murat Kirkgoz** Deputy Group CFO[v]	**Kjell Johnsen** Group COO[vi]	**Kaan Terzioglu** Joint Group COO[vi]	**Sergi Herrero** Joint Group COO[vi]	**Scott Dresser** Group General Counsel
2019								
Short-term employee benefits								
Base salary[i]	6,155,568	—	1,678,791	296,027	1,398,993	246,782	382,805	1,454,952
Annual incentive[ii]	11,707,890	—	1,628,669	236,948	4,683,106	528,429	575,781	2,528,128
Other[iii]	1,283,159	—	26,973	40,011	52,442	118,633	1,746,199	32,569
Long-term employee benefits	—	—	—	—	—	—	—	—
Share-based payments[iv]	—	—	72,571	9,224	(926,745)	—	—	(780,642)
Termination benefits	—	—	—	—	—	—	—	—
Total remuneration expense	**19,146,617**	**—**	**3,407,004**	**582,210**	**5,207,796**	**893,844**	**2,704,785**	**3,235,007**
2019								
Short-term employee benefits								
Base salary[i]	6,155,568	—	1,678,791	296,027	1,398,993	246,782	382,800	1,454,952
Annual incentive[ii]	6,124,678	—	1,580,988	—	4,215,842	—	—	2,765,140
Other[iii]	1,283,160	—	26,973	40,011	52,442	118,633	1,746,175	32,569
Long-term employee benefits	—	—	—	—	—	—	—	—
Share-based payments	3,123,996	—	—	—	—	—	—	—
Termination benefits	—	—	—	—	—	—	—	—
Total remuneration paid	**16,687,402**	**—**	**3,286,752**	**336,038**	**5,667,277**	**365,415**	**2,128,975**	**4,252,661**
2018								
Short-term employee benefits								
Base salary[i]	5,429,871	2,244,426	1,769,494	—	1,681,019	—	—	1,454,917
Annual incentive[ii]	—	9,104,518	150,186	—	—	—	—	478,824
Other[iii]	123,446	576,938	25,593	—	83,098	—	—	1,094,124
Long-term employee benefits	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—
Termination benefits	—	1,581,076	—	—	—	—	—	—
Total remuneration paid	**5,553,317**	**13,506,958**	**1,945,273**	**—**	**1,764,117**	**—**	**—**	**3,027,865**

[i] Base salary includes holiday and/or pension allowances pursuant to the terms of an individual's employment agreement.

[ii] Annual incentive expense includes amounts accrued under the short-term incentive in respect of performance during the current year, while annual incentive paid includes amounts paid under the short-term incentive in respect of performance during the previous year.

[iii] Other includes certain allowances and support (for example, relocation support).

[iv] Share-based payments expense relates to amounts accrued under the value growth cash-based multi-year incentive plans, see below for further details.

[v] Trond Westlie stepped down from the role of Group CFO on September 30, 2019. Meanwhile, Murat Kirkgoz commenced duties as Deputy Group CFO on August 1, 2019.

[vi] Kjell Johnsen stepped down from the role of Group COO on Noveember 1, 2019. Sergi Herrero and Kaan Terzioglu assumed their roles on September 2, 2019 and November 1, 2019, respectively.

Compensation of Board of Directors

The following table sets forth the total remuneration expense to the members of the Board of Directors members in 2019 and 2018 (gross amounts in whole euro and whole US dollar equivalents):

	Retainer		Committees		Other compensation		Total	
In whole euros	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Guillaume Bacuvier	250,000	105,000	53,909	21,000	—	—	303,909	126,000
Osama Bedier	250,000	105,000	25,000	10,500	—	—	275,000	115,500
Ursula Burns *	—	—	5,952	—	—	—	5,952	—
Stan Chudnovsky	—	145,833	—	—	—	—	—	145,833
Mikhail Fridman	40,000	40,000	—	—	—	—	40,000	40,000
Gennady Gazin	250,000	250,000	80,000	65,500	—	—	330,000	315,500
Andrei Gusev	40,000	40,000	—	—	750,000	—	790,000	40,000
Gunnar Holt	250,000	250,000	69,643	50,000	—	—	319,643	300,000
Sir Julian Horn-Smith	250,000	250,000	25,000	10,500	—	—	275,000	260,500
Jørn P. Jensen	—	163,333	—	—	—	—	—	163,333
Robert Jan van de Kraats	250,000	105,000	30,000	12,600	—	—	280,000	117,600
Guy Laurence	250,000	250,000	30,000	41,600	—	16,250	280,000	307,850
Alexander Pertsovsky	40,000	40,000	—	—	—	—	40,000	40,000
Kaan Terzioglu	92,708	—	9,063	—	—	—	101,771	—
Total compensation	**1,962,708**	**1,744,166**	**328,567**	**211,700**	**750,000**	**16,250**	**3,041,275**	**1,972,116**

	Retainer		Committees		Other compensation		Total	
In whole US dollars	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Guillaume Bacuvier	279,799	123,869	60,335	24,774	—	—	**340,134**	148,643
Osama Bedier	279,799	123,869	27,980	12,387	—	—	**307,779**	136,256
Ursula Burns *	—	—	6,661	—	—	—	**6,661**	—
Stan Chudnovsky	—	172,039	—	—	—	—	**—**	172,039
Mikhail Fridman	44,768	47,188	—	—	—	—	**44,768**	47,188
Gennady Gazin	279,799	294,925	89,536	77,270	—	—	**369,335**	372,195
Andrei Gusev	44,768	47,188	—	—	839,396	—	**884,164**	47,188
Gunnar Holt	279,799	294,925	77,944	58,985	—	—	**357,743**	353,910
Sir Julian Horn-Smith	279,799	294,925	27,980	12,387	—	—	**307,779**	307,312
Jørn P. Jensen	—	192,684	—	—	—	—	**—**	192,684
Robert Jan van de Kraats	279,799	123,869	33,576	14,864	—	—	**313,375**	138,733
Guy Laurence	279,799	294,925	33,576	49,076	—	19,170	**313,375**	363,171
Alexander Pertsovsky	44,768	47,188	—	—	—	—	**44,768**	47,188
Kaan Terzioglu	103,758	—	10,143	—	—	—	**113,901**	—
Total compensation	**2,196,655**	**2,057,594**	**367,731**	**249,743**	**839,396**	**19,170**	**3,403,782**	**2,326,507**

** Ursula Burns was appointed Group CEO and Chairman of the VEON Ltd. board of directors on December 12, 2018. Accordingly, her total compensation for 2019 and 2018 has been included in the section "Compensation of Key Senior Managers" above, except for payments received in respect of her role on Board Committees.*

Members of our Board of Directors are eligible to participate in a value growth cash-based long-term incentive plan discussed below.

Value growth cash-based multi-year incentive plans

To stimulate and reward leadership efforts that result in sustainable success, value growth cash-based multi-year incentive plan ("**LTI Plans**") were designed for members of our recognized leadership community. The participants in the LTI Plans may receive cash payouts after the end of each relevant award performance period. For senior management, vesting is based on the attainment of certain Key Performance Indicators ("**KPIs**") based on an absolute share price performance target. For the Company's chairman and CEO, vesting is based on total return per share, and may be exercised by the participant at any time during a defined exercise period, subject to the Company's insider trading policy.

As of December 31, 2019, the total target amount (all unvested) granted for awards launched under the LTI Plan was equal to US $67 (2018: US$107). The carrying value of obligations under the LTI Plan as of December 31, 2019, was equal to US$9 (2018: US $35). Included within 'Selling, general and administrative expenses' for 2019 is a gain of US$25 (2018: gain of US$18) relating to share-based payments under the LTI Plan.

Short Term Incentive Scheme

The Company's Short Term Incentive (**"STI"**) Scheme provides cash pay-outs to participating employees based on the achievement of established KPIs over the period of one calendar year. KPIs are set every year at the beginning of the year and evaluated in the first quarter of the next year. The KPIs are partially based on the financial and operational results (such as EBITDA and total operating revenue) of the Company, or the affiliated entity employing the employee, and partially based on individual targets that are agreed upon with the participant at the start of the performance period based on his or her specific role and activities. The weight of each KPI is decided on an individual basis.

Pay-out of the STI award is scheduled in March of the year following the assessment year and is subject to continued active employment during the year of assessment (except in limited "good leaver" circumstances in which case there is a pro-rata reduction) and is also subject to a pro-rata reduction if the participant commenced employment after the start of the year of assessment. Pay-out of the STI award is dependent upon final approval by the Compensation Committee.

22 EVENTS AFTER THE REPORTING PERIOD

New credit facility

On March 10, 2020, VEON Holdings B.V. amended and restated the existing facility with JSC Alfa-Bank, increasing its size and utilization from RUB 17.5 billion to RUB 30 billion. Following this amendment and restatement, the final maturity of this facility has been set to March 10, 2025.

GTH bonds repayment

On February 24, 2020, GTH Finance B.V., the Company's subsidiary, repaid at par the US$500 6.25% bonds finally maturing April 26, 2020.

Final 2019 dividend of US 15 cents per share approved by Board of Directors

On February 14, 2019, the Company announced that the VEON's Board of Directors approved a final dividend of US 15 per share for 2019 bringing total 2019 dividends to US 28 cents per share, in line with the Group's dividend policy. The record date for the Company's shareholders entitled to receive the final dividend payment has been set for February 27, 2020. It is expected that the final dividend will be paid in March 2020. The Company will make appropriate tax withholdings of up to 15% when the dividend is paid to the Company's share depositary, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, the final dividend of US 15 cents per share will be paid in euro.

US$300 tap issuance of existing senior notes

On January 14, 2020, VEON Holdings B.V., the Company's wholly-owned subsidiary, issued US$300 in senior unsecured notes due in 2025, to be consolidated and form a single series with the US$700 4.00% senior notes due in 2025 issued by VEON Holdings B.V. on October 9, 2019. VEON intends to use the net proceeds of the tap issuance to refinance certain existing outstanding debt and address upcoming debt maturities and for general corporate purposes.

23 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

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

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

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

Certain comparative amounts have been reclassified to conform to the current period presentation. Specifically, the following 2018 balances were reclassified in the consolidated statement of financial position:

- Goodwill of US$3,816 is now presented within Intangible assets (previously within Goodwill);
- Income tax provision of US$164 is now presented within Current income tax payable (previously within current Provisions);
- Certain customer advances of US$192 is now presented within current Trade and other payables (previously within current Other liabilities);
- Investments and derivatives (non-current) of US$58 is now presented separately (previously within non-current Other assets);
- Current income tax assets of US$112 is now presented separately (previously within current Other assets);
- Current income tax payable of US$196 is now presented separately (previously within current Other liabilities).

BASIS OF CONSOLIDATION

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

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

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

FOREIGN CURRENCY TRANSLATION

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

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

24 SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Significant accounting judgment / source of estimation uncertainty	Described in
Revenue recognition	Note 3
Deferred tax assets and uncertain tax positions	Note 9
Provisions	Note 8
Impairment of non-current assets	Note 11
Control over subsidiaries	Note 14
Depreciation and amortization of non-current assets	Note 12 and Note 13
Fair value of financial instruments	Note 15
Measurement of lease liabilities	Note 15

NEW STANDARDS AND INTERPRETATIONS

Not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on VEON financial statements in current or future reporting periods or on foreseeable future transactions.

Adopted in 2019

IFRIC 23 'Uncertainty over income tax treatments'

The interpretation clarifies the application of recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. The Group has assessed the impact of IFRIC 23, which was not material to the financial statements of the Group upon adoption in 2019.

IFRS 16 'Leases'

IFRS 16 replaced IAS 17 *Leases*, the former lease accounting standard and became effective on January 1, 2019. Under the new lease standard, assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability.

In 2018, the Group has performed a detailed impact assessment of IFRS 16 and the impact on its adoption was as follows:

	December 31, 2018	Impact of IFRS 16	January 1, 2019
Assets			
Non-current assets			
Property and equipment			
Property and equipment	4,932	(71)	4,861
Right-of-use assets	—	2,023	2,023
Intangible assets	1,854	(15)	1,839
Goodwill	3,816	—	3,816
Deferred tax assets	197	—	197
Other assets	193	(1)	192
Total non-current assets	**10,992**	**1,936**	**12,928**
Current assets			
Trade and other receivables	577	(61)	516
Other current assets	2,516	—	2,516
Total current assets	**3,093**	**(61)**	**3,032**
Assets classified as held for sale	17	4	21
Total assets	**14,102**	**1,879**	**15,981**
Equity			
Equity attributable to equity owners of the parent	3,670	(3)	3,667
Non-controlling interest	(891)	(1)	(892)
Total equity	**2,779**	**(4)**	**2,775**
Non-current liabilities			
Debt and derivatives	6,567	(45)	6,522
Provisions	110	—	110
Lease liabilities	—	1,638	1,638
Deferred tax liabilities	180	—	180
Other liabilities	53	(9)	44
Total non-current liabilities	**6,910**	**1,584**	**8,494**
Current liabilities			
Trade and other payables	1,432	(54)	1,378
Debt and derivatives	1,289	(6)	1,283
Lease liabilities	—	361	361
Provisions	398	(3)	395
Other liabilities	1,290	(3)	1,287
Total current liabilities	**4,409**	**295**	**4,704**
Liabilities associated with assets held for sale	4	4	8
Total equity and liabilities	**14,102**	**1,879**	**15,981**

The Company, as a lessee, recognizes a right-of-use asset and a lease liability on the lease commencement date.

Upon initial recognition, the right of use asset is measured as the amount equal to initially measure lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently the right of use assets is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the country specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:

- Change in lease price due to indexation or rate which has become effective in reporting period
- Modifications to the lease contract
- Reassessment of the lease term

Leases of non-core assets and not related to the main operating activities of the Group, which are short-term in nature (less than 12 months including extension options) and leases of low-value items are expensed in the income statement as incurred.

Transition

The Company adopted IFRS 16 on the date the standard becomes effective, January 1, 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and that comparatives were not restated.

The Group used the following practical expedients when adopting IFRS 16 on its effective date:

- IFRS 16 applied only to contracts that were previously assessed as leases in accordance with the previous IFRS standards (IAS 17 *Leases* and IFRIC 4 *Determining whether and Arrangement contains a Lease*);
- a single discount rate applied to a portfolio of leases with reasonably similar characteristics as permitted by IFRS 16;
- initial direct cost was excluded from the measurement of the right-of-use asset as of January 1, 2019;
- the Group's onerous contract provision process used as the impairment assessment of right-of-use assets upon transition.

The weighted-average incremental rate applied to lease liabilities recognized on January 1, 2019 was 9.62%.

Carrying values of property and equipment and financial liabilities related to finance leases as of December 31, 2018 were reclassified to right-of-use assets and lease liabilities, respectively on January 1, 2019. These carrying values related to finance leases were not remeasured at the transition date.

Significant judgments upon adoption IFRS 16

IFRS 16 requires the Company to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is not reasonably certain to exercise those termination options.

A significant portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between VEON and the lessor or lease contracts which are cancelable by the Company on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that these cancelable future lease periods should be included within the lease term, which represents an increase to the future lease payments used in determining the lease liability upon initial recognition. The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

The following table reconciles the Company's operating lease commitments as of December 31, 2018, to the lease liabilities recognized upon initial application of IFRS 16 on January 1, 2019.

	US$
Operating lease commitments as of December 31, 2018 (see Note 4)	632
Increase in lease commitments of cancelable leases included in reasonably certain lease term	1,846
Use of IFRS 16 practical expedients (old lease accounting continues for exceptions)	(4)
Leases commencing subsequent to transition date committed to as of December 31, 2018	(47)
Accruals included in the lease liability calculation	59
Other	22
Total undiscounted lease payments which are reasonably certain	**2,508**
Discounting effect using incremental borrowing rate	(559)
IAS 17 finance lease liabilities recognized on balance sheet as of December 31, 2018 (discounted)	54
IFRS 16 Lease liability recognized on balance sheet as of January 1, 2019	**2,003**
IFRS 16 lease liability presented as	
Non-current	1,638
Current	361
Liabilities associated with assets held for sale	4
	2,003

Amsterdam, March 13, 2020

VEON Ltd.

Company financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

Before appropriation of profit

as at December 31

	Note	2019	2018
(In millions of U.S. dollars)			
Assets			
Non-current assets			
Intangible fixed assets	1	10	9
Tangible fixed assets	2	15	4
Financial fixed assets	3	1,152	3,590
Total non-current assets		**1,177**	**3,603**
Current assets			
Receivables	4	352	416
Cash and cash equivalents	5	41	19
Total current assets		**393**	**435**
Total assets		**1,570**	**4,038**
Equity and liabilities			
Equity	6		
Issued capital		2	2
Capital surplus		11,449	11,449
Reserve results of subsidiaries		1,079	1,351
Foreign currency translation reserve		(8,312)	(8,416)
Retained earnings / (accumulated deficit)		(3,613)	(1,298)
(Loss) / Profit for the year		621	582
Total equity		**1,226**	**3,670**
Provisions	7	**41**	**39**
Non-current liabilities	8	**10**	—
Current liabilities	9	**293**	**329**
Total equity and liabilities		**1,570**	**4,038**

COMPANY INCOME STATEMENT

for the year ended December 31

(In millions of U.S. dollars)	Note	2019	2018
General and administrative expenses	12	(160)	(240)
Other operating gains		350	—
Recharged expenses to group companies		21	47
Operating profit / (loss)		**211**	**(193)**
Finance income	13	8	10
Finance expenses	13	(2)	(6)
Profit / (loss) before tax		**217**	**(189)**
Income tax	14	—	0
Share in results of subsidiaries after tax	3	404	771
Net result		**621**	**582**

COMPANY AND GROUP ACTIVITIES

VEON Ltd. ("**VEON**" or the "**Company**"), registered with the Chamber of Commerce in Amsterdam under number 34374835, was incorporated on June 5, 2009.

For details of the Company's and its group of companies ("**VEON Group**") principal activities, reference is made to Note 1 (General Information about the Group) to the Consolidated Financial Statements.

The company 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.

ACCOUNTING POLICIES

General

The Company financial statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code. In accordance with the provisions of Article 362, paragraph 8, Title 9 of Book 2 of the Dutch Civil Code the accounting policies used are the same as those explained in the Notes to the Consolidated Financial Statements, prepared under IFRS as adopted by the European Union, except for the accounting policies disclosed below. For an appropriate interpretation, the Company financial statements should be read in conjunction with the consolidated financial statements.

The balance sheet and income statement include references. These refer to the notes.

Comparison with previous year

The valuation principles and method of determining the results are the same as those used in the previous year.

Subsidiaries

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

Investments in subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements.

If the valuation of a subsidiary based on the net asset value is negative, it will be stated at nil. If and insofar as the Company can be held fully or partially liable for the debts of the subsidiary or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

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

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

Equity interests

For a full list of equity interests, reference is made to the list including entity details filed in accordance with Articles 379 and 414, Title 9 of Book 2 of the Dutch Civil Code at the Dutch Chamber of Commerce.

1 INTANGIBLE FIXED ASSETS

	2019	2018
Software	10	9
Balance as at December 31	**10**	**9**
Movements in these items were as follows:		
Balance as at January 1	9	37
Additions	4	14
Amortization	(3)	(10)
Impairment	—	(32)
Balance as at December 31	**10**	**9**
Balance as at December 31:		
Cost	71	66
Accumulated amortization and impairment	(61)	(57)
Balance as at December 31	**10**	**9**

There are no limited property rights to intangible fixed assets and no security in the form of intangible fixed assets have been provided for liabilities. Nor have any obligations arisen from the acquisition of intangible fixed assets.

2 TANGIBLE FIXED ASSETS

	2019	2018
Equipment	15	4
Balance as at December 31	**15**	**4**
Movements in these items were as follows:		
Balance as at January 1	4	7
IFRS 16 adoption	13	—
Additions	7	1
Disposals	(2)	(2)
Amortization	(7)	(2)
Balance as at December 31	**15**	**4**
Balance as at December 31:		
Cost	34	19
Accumulated amortization	(19)	(15)
Balance as at December 31	**15**	**4**

3 FINANCIAL FIXED ASSETS

	2019	2018
Investments in subsidiaries	1,152	3,590
Balance as at December 31	**1,152**	**3,590**

Movements in investments in subsidiaries were as follows:

	2019	2018
Balance as at December 31*	3,590	4,236
Adjustments arising due to new accounting standards	(3)	46
Balance as at January 1	**3,587**	**4,282**
Share premium contribution	—	70
Changes in ownership interest in a subsidiary that do not result in a loss of control	(2,594)	—
Result of participating interests	404	771
Dividend received from subsidiaries	(650)	(751)
Investment in subsidiary (refer to Note 10 of the Consolidated Financial Statements)	350	—
Currency translation adjustments	105	(736)
Other comprehensive (loss) / income related to subsidiaries	7	11
Other movements in subsidiaries	(57)	(57)
Balance as at December 31	**1,152**	**3,590**

Other movements in subsidiaries relates to direct equity movements at the level of the subsidiaries in connection with movements in the hedge reserves and fair value of investments hold to sell.

4 RECEIVABLES

	2019	2018
Amounts due from group companies	345	411
Value added tax	6	2
Other receivables and prepayments	1	3
Balance as at December 31	**352**	**416**

All amounts are due within one year. No interest is applicable on the receivables from subsidiaries and other participating interest and no maturity has been agreed. The fair value of the receivables approximates the book value, due to their short-term character.

5 CASH AND CASH EQUIVALENTS

	2019	2018
Cash and cash equivalents	41	19
Balance as at December 31	**41**	**19**

6 EQUITY

for the year ended December 31, 2019

(In millions of U.S. dollars)	Issued capital	Capital Surplus	Reserve Results of Subsidiaries	Foreign currency translation	Retained Earnings / (accumulated deficit)	Result for the year	Total equity
As at December 31, 2018	**2**	**11,449**	**1,351**	**(8,416)**	**(1,298)**	**582**	**3,670**
Adjustments arising due to new accounting standards	—	—	—	—	(3)	—	(3)
As at January 1, 2019	**2**	**11,449**	**1,351**	**(8,416)**	**(1,301)**	**582**	**3,667**
Profit for the period	—	—	—	—	—	621	621
Other comprehensive loss	—	—	—	105	7	—	112
Total comprehensive loss	**—**	**—**	**—**	**105**	**7**	**621**	**733**
Result appropriation	—	—	—	—	582	(582)	—
Movement in legal reserve due to currency restrictions	—	—	(272)	—	272	—	—
Changes in ownership interest in a subsidiary that do not result in a loss of control	—	—	—	—	(2,594)	—	(2,594)
Dividends declared	—	—	—	—	(525)	—	(525)
Other	—	—	—	(1)	(54)	—	(55)
As at December 31, 2019	**2**	**11,449**	**1,079**	**(8,312)**	**(3,613)**	**621**	**1,226**

for the year ended December 31, 2018

(In millions of U.S. dollars)	Issued capital	Capital Surplus	Reserve Results of Subsidiaries	Foreign currency translation	Retained Earnings / (accumulated deficit)	Result for the year	Total equity
As at December 31, 2017*	**2**	**11,449**	**1,030**	**(7,667)**	**22**	**(505)**	**4,331**
Adjustments arising due to new accounting standards	—	—	—	—	46	—	46
As at January 1, 2018	**2**	**11,449**	**1,030**	**(7,667)**	**68**	**(505)**	**4,377**
Profit for the period	—	—	—	—	—	582	582
Other comprehensive loss	—	—	11	(736)	5	—	(720)
Total comprehensive loss	—	—	11	(736)	5	582	(138)
Result appropriation	—	—	—	—	(505)	505	—
Movement in legal reserve due to currency restrictions	—	—	307	—	(307)	—	—
Dividends declared	—	—	—	—	(509)	—	(509)
Other	—	—	3	(13)	(50)	—	(60)
As at December 31, 2018	**2**	**11,449**	**1,351**	**(8,416)**	**(1,298)**	**582**	**3,670**

** Prior year comparatives are restated following the retrospective recognition of depreciation charges in respect of Deodar project*

Issued capital

Reference is made to Note 18 (Issued capital and reserves) to the Consolidated Financial Statements for issued capital disclosures.

Capital surplus

Capital surplus represents primarily contributions into the Company from the shareholders.

Results of subsidiaries

The reserve Results of subsidiaries comprise the amount of profits that cannot be repatriated from subsidiaries due to dividend distribution restrictions, as well as withholding tax for undistributed profits in subsidiaries that are not covered by deferred tax liabilities.

Appropriation of result

Management proposes the following appropriation of result, which has not yet been reflected in the financial statements.

	2019	2018
Proposed final dividends	—	—
Transfer to Retained earnings / (Accumulated deficit)	621	582
Net results	**621**	**582**

During the year an amount of US$ 525 (2018: US$ 509) was paid as dividend out of the retained earnings/accumulated deficit. Management proposes a final dividend for 2019 in the amount of US$ 264 (US 15 cents per share) to be paid out of the retained earnings/accumulated deficit.

7 PROVISIONS

	2019	2018
Legal provisions	10	26
Restructuring provision	31	13
Balance as at December 31	**41**	**39**

The legal provision relates to the future direct and incremental expected legal fees associated with the resolution of the investigations of our business in Uzbekistan. Reference is made to Note 8 (Provisions and contingent liabilities) to the Consolidated Financial Statements.

The restructuring provision of US$ 31 (2018: US$ 13) relates to staff redundancies at the corporate headquarters in Amsterdam.

The movements in provisions were as follows:

	2019	2018
Balance as at January 1	39	45
Arising during the year	31	11
Utilized	(19)	(17)
Unused amounts reversed	(10)	0
Balance as at December 31	**41**	**39**

US$ 41 (2018: US$ 23) of the provisions qualify as short-term (in effect less than one year).

8 NON-CURRENT LIABILITIES

	2019	2018
Lease liabilities	10	—
Loan from subsidiary	—	—
Balance as at December 31	**10**	**—**

The movements in loans were as follows:

	2019	2018
Balance as at January 1	—	—
Balance as at IFRS 16 adoption	12	—
Repayment	(2)	—
Balance as at December 31	**10**	**—**

9 CURRENT LIABILITIES

	2019	2018
Payable to group companies	228	221
Lease liabilities	2	—
Accounts payable	4	17
Taxes and social security contributions	—	2
Accruals and other payables	58	89
Due to employees	1	—
Balance as at December 31	**293**	**329**

The fair value of the current liabilities approximates the book value, due to their short-term character. All current liabilities fall due within one year.

10 WORKFORCE

The average number of staff employed by the Company in 2019 was 61 (2018: 68). These employees are located in the Netherlands.

11 COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

Liability

The Company has issued liability statements pursuant to Article 403, Title 9 of Book 2 of the Dutch Civil Code for its 100% indirect subsidiary VEON Wholesale Services B.V..

Fiscal unity VAT

The Company forms part of the fiscal unity for value added tax purposes with VEON Amsterdam B.V., VEON Holdings B.V., VEON Digital Amsterdam B.V., VEON Global Services B.V., VEON Central Procurement B.V. and Global Telecom Holding S.A.E., which makes these companies jointly and severally liable for VAT liabilities of the fiscal unity.

Balance and interest set-off agreement

On September 26, 2019 the Company, together with some of its subsidiaries, entered into a new multi-entity and multi-currency cash pooling agreement with Citibank. Each party to the agreement has irrevocably and unconditionally undertaken, as joint and several debtor, to Citibank to perform all payment obligations of each other party under the agreement. Before that date, the Company had such arrangement with ING Bank, which was terminated following the new agreement with Citibank.

Operating leases

The Company has concluded operating leases as lessee relating to offices, housing and cars. The future minimum lease payments are not considered to be significant.

Reference is made to Note 24 (Significant accounting policies) to the Consolidated Financial Statements for IFRS 16 on leases.

Other commitments, contingencies and uncertainties

For other commitments, contingencies and uncertainties related to VEON Ltd. not included in the balance sheet according to the first sentence of Article 381, paragraph 1, Title 9 of Book 2 of the Dutch Civil Code – such as the VEON-Securities Class Action and the Canadian action brought by the Catalyst Capital Group Inc. – reference is made to the disclosure mentioned in Note 8 (Provisions and contingent liabilities) to the Consolidated Financial Statements.

12 EMPLOYEE BENEFITS

	2019	2018
Salaries and wages	41	44
Social premiums	1	1
Other personnel expenses	1	1
Recharged expenses	9	6
Total employee benefits	**52**	**52**

13 FINANCE INCOME AND EXPENSES

	2019	2018
Finance income		
Interest income banks and others	8	10
	8	**10**
Finance expenses		
Interest expense loans group company	(1)	—
Interest expense banks and others	(2)	(3)
Foreign exchange losses	1	(3)
	(2)	**(6)**
Net financial income	**6**	**4**

14 INCOME TAXES

	2019	2018
Withholding tax	—	—
Total income tax	**—**	**—**

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

	2019	2018
Current tax previous years	—	—
Deferred tax	—	—
Income tax expense	**—**	**—**

For the corporate income tax, no deferred tax asset is recognized for unutilized net operating losses because it is not probable that future taxable profit will be available. The unutilized net operating losses per December 31, 2019 amount to US$ 976 (2018: US$ 1,192).

15 SUBSEQUENT EVENTS

For subsequent events reference is made to Note 22 (Events after the reporting period) to the Consolidated financial statements.

16 ADDITIONAL NOTES TO THE COMPANY FINANCIAL STATEMENTS

Remuneration of and loans to members of the Global Executive Committee and the Board

The remuneration, including pension charges and other benefits, of current and former members of the Board charged to the Company, its subsidiaries and other group companies in the current year is disclosed in Note 21 (Related parties) to the Consolidated Financial Statements.

Principal Accountant Fees and Services

PricewaterhouseCoopers Accountants N.V. have served as our independent public accountants for the fiscal year ended December 31, 2019. The following table presents the aggregate fees for professional services and other services rendered by PricewaterhouseCoopers Accountants N.V. and their member firms in 2019 and 2018:

	PricewaterhouseCoopers Accountants N.V.		Other PwC Global Network Firms	
	2019	**2018**	**2019**	**2018**
Audit fees	4.1	4.4	5.8	6.6
Audit-related fees	1.0	0.4	0.3	0.7
Tax and other non-audit related services	—	—	—	—
Total principal accountant fees and services	**5.1**	**4.8**	**6.1**	**7.3**

Audit Services

Audit services mainly consisted of the audit of (consolidated) financial statements, the review of quarterly (consolidated) financial statements and Sarbanes-Oxley Section 404 attestation services.

Audit-related Services

Audit-related services are assurance and related services which are reasonably related to the performance of audit or review and generally include services regarding specific regulatory filings, including comfort and consent letters, and other agreed-upon services related to accounting records and systems.

Amsterdam, March 13, 2020

VEON Ltd.

Kaan Terzioğlu co-CEO

Sergi Herrero co-CEO

OTHER INFORMATION

Provisions governing profit appropriation

The provisions governing profit appropriation are described in articles 19 and 20 as applicable on the signing date of this Annual Report of the Bye-laws of VEON.

The Board may, subject to these bye-laws and in accordance with the Companies Act 1981 of Bermuda (the ”Act”), declare a dividend to be paid to the Members (as defined in the bye-laws) holding shares entitled to the payment of dividends, in proportion to the numbers of shares held by them, and such dividend may be paid in cash or wholly or partly in specie, including without limitation the issue by VEON of shares or other securities, in which case the Board may fix the value for distribution in specie of any assets, shares or securities. No unpaid dividend shall bear interest as against VEON. The exact amount and timing of any dividend declarations and payments shall, subject to the requirements of the Act, be determined by the Board.

The Board may fix any date as the record date for determining the Members entitled to receive any dividend.

The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

The Board may declare and make such other distributions (in cash or in specie) to the Members holding shares entitled to distributions as may be lawfully made out of the assets of VEON. No unpaid distribution shall bear interest as against the Company.

Except, insofar as the rights attaching to, or the terms of issue of, any shares otherwise provide:

all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of a call may be treated for the purpose of this Bye-law as paid up on the share; and

dividends shall be apportioned and paid pro rate according to the amounts paid up on the shares in respect of which the dividend is paid during any portion or portions of the period in respect of which the dividend is paid.

The Board may, before declaring a dividend, set aside out of the surplus or profits of VEON, such amount as it thinks proper as a reserve to be used to meet contingencies or for any other purpose.

Independent auditor’s report

The independent auditor’s report is set forth on the next pages.

Independent auditor's report

To: the general meeting and the board of directors of VEON Ltd.

Report on the financial statements 2019

Our opinion

In our opinion:

- the consolidated financial statements of VEON Ltd. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2019 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of VEON Ltd. give a true and fair view of the financial position of the Company as at 31 December 2019 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019 of VEON Ltd., Bermuda ('the Company'). The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the Consolidated Statement of Financial Position as at 31 December 2019;
- the following statements for 2019: the Consolidated Income Statement, the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the Company Statement of Financial Position as at 31 December 2019;
- the Company Income Statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of VEON Ltd. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

VEON Ltd. is a telecommunications company providing voice and data services through a range of traditional and broadband mobile and fixed-line technologies in various countries throughout the world. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In Note 24 of the consolidated financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of goodwill, and the recognition of uncertain tax positions, we considered these matters as key audit matters.

We spent significant time and resources to audit the appropriateness of revenue recognized, which required us to ascertain the reliability of the systems and related controls in view of the existence of various legacy revenue systems throughout the Group and take into account the control deficiencies identified. Consequently, we considered this to be a key audit matter.

In October 2019, the Deferred Prosecution Agreement ('DPA') entered in to with the U.S. Department of Justice concluded in conjunction with the independent compliance Monitor's certification of the Company's internal compliance programme. Because of the ongoing risk of compliance with anti-bribery and anti-corruption laws and regulations in the territories in which the Group operates, we identified a key audit matter in this area.

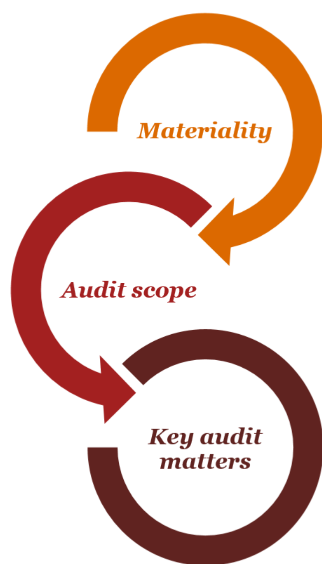
The key audit matters referenced above are further explained in the section 'Key audit matters' of this report.

An area of focus that was not considered to be a key audit matter is the adoption of IFRS 16 Leases. The Company adopted the standard as of 1 January 2019, which had a material effect on the financial statements. While the adoption of the new standard involved audit effort to assess management's assumptions, we did not consider the complexity or estimation uncertainty to rise to the level of a key audit matter. The change in accounting policy also affected Adjusted EBITDA and, consequently, our determination of materiality as set out in the section 'Materiality' in this report.

As in all our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a telecommunications company operating in a global environment, including activities in emerging economies. We therefore included data assurance and IT specialists, as well as specialists or experts in the areas of tax, treasury, forensics and valuations in our team.

The outline of our audit approach was as follows:



Materiality
- Overall materiality: USD 90 million

Audit scope
- We conducted audit work at the corporate headquarters in the Netherlands and at significant subsidiaries of the Group in Russia, Pakistan, Algeria, Ukraine, Bangladesh and Uzbekistan.
- We visited the component auditors of the six significant subsidiaries of the Group: Russia, Pakistan, Algeria, Ukraine, Bangladesh and Uzbekistan.
- Audit coverage: 99% of consolidated Adjusted EBITDA, 96% of consolidated revenue and 97% of consolidated total assets.

Key audit matters
- Goodwill impairment assessment
- Recognition of uncertain tax positions
- Compliance with anti-bribery and anti-corruption laws and regulations
- Revenue recognition

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below.

These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	USD 90 million (2018: USD 80 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 2,3% of Adjusted EBITDA, which represents a change from the basis of materiality of 2,5% of Adjusted EBITDA used in the prior year. The decrease from 2,5% to 2,3% was driven by the current year adoption of IFRS 16, amongst other things, to reach an appropriate level materiality based on our professional judgement. As disclosed in Note 2 of the consolidated financial statements, Adjusted EBITDA is defined by the Company as (loss)/profit before interest, tax, depreciation, amortization and impairment, gain/ loss on disposals of non-current assets, other non-operating gains/losses and share of result of joint ventures and associates. The increase in materiality compared to the previous year is due to an increase in Adjusted EBITDA, primarily driven by the impact of adopting IFRS 16.
Rationale for benchmark applied	We used Adjusted EBITDA as the primary benchmark based on our analysis of the common information needs of users of the financial statements. Adjusted EBITDA is predominantly used by the Company's equity and debt holders to assess the financial performance of the Group, given the volatility of the Company's profit before taxes which is impacted by significant foreign currency fluctuations. Additionally, a number of the Company's debt agreements contain covenants that are linked to Adjusted EBITDA. On this basis, we believe that Adjusted EBITDA is an important metric for the financial performance of the Company and, as such, an appropriate materiality benchmark.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between USD 17 million and USD 75 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the audit and risk committee of the board of directors that we would report to them misstatements identified during our audit above USD 4,5 million (2018: USD 4,0 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

VEON Ltd. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of VEON Ltd.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate.

In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the Group engagement team and by each component auditor.

Of the VEON Ltd. group operating locations, as disclosed in Note 14 of the consolidated financial statements, the group audit primarily focussed on the significant components in Russia, Pakistan, Algeria, Ukraine, Bangladesh, and Uzbekistan. For these components, certain consolidated processes and significant or higher risk areas, notably goodwill and compliance with anti-bribery and anti-corruption laws and regulations, are managed centrally at the corporate headquarters in the Netherlands and are therefore in the audit scope of the group engagement team.

We subjected the Russia and Pakistan components to audits of their complete financial information, as those components are individually financially significant to the Group. We further subjected the Algeria, Ukraine, Bangladesh and Uzbekistan components to audits of their complete financial information as they include significant or higher risk areas, notably in the area of revenue recognition, tax provisions and compliance with anti-bribery and anti-corruption laws and regulations. In addition, the corporate headquarters, excluding the centrally managed significant or higher risk areas, and Kazakhstan were selected for audit procedures.

The Company engages various service organizations in their revenue and treasury processes, which are material to the financial statements. Audit work on the IT General Controls has been performed by the independent auditors of the service organizations who have prepared reports in accordance with ISAE 3402 'Assurance Reports on Controls at a Service Organization.' We assessed the objectivity and competence of the independent auditors of the service organizations and reviewed the assurance reports that include the scope and results of the assurance procedures performed. We concluded that we could rely on the assurance reports issued by the independent auditors of the service organizations in combination with our own testing of complementary user entity controls.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Adjusted EBITDA	99%
Revenue	96%
Total assets	97%

None of the remaining components represented more than 1% of total consolidated Adjusted EBITDA, 1% of total consolidated revenue or 1% of total consolidated assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the corporate headquarters in the Netherlands, the group engagement team performed the audit procedures. For all components in the scope of the group audit, we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included, amongst others, our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance to the consolidated financial statements.

The group engagement team visited the component auditors of Russia, Pakistan, Algeria, Ukraine, Bangladesh and Uzbekistan given the relative size of the locations. For each of these locations, we reviewed selected working papers of the component auditors. The component audit teams also visited the group engagement team in the Netherlands to participate in an annual audit planning workshop.

The group engagement team in the Netherlands performed the audit work at the corporate headquarters on the group consolidation, financial statement disclosures and a number of complex audit and accounting items. These included, amongst others, goodwill impairment assessment and the assessment and follow-up of the claims from the whistle-blower allegations and other cases monitored at the corporate headquarters.

By performing the procedures above at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

In comparison to the previous year, the key audit matters are similar in nature to those reported in 2018 and are inherent to the nature of the Company's business and its operations.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	*Our audit work and observations*
Goodwill impairment assessment *Note 11 and Note 13* As described in Notes 11 and 13 to the consolidated financial statements, the Company's consolidated goodwill balance was USD 3,959 million at 31 December 2019, and the amount of goodwill associated with the Algerian cash-generating unit was USD 1,167 million. The Company conducts an impairment test as of October 1 of each year, or more frequently if events or circumstances indicate that the carrying value of goodwill may be impaired. Management performed a subsequent triggering events analysis as of 31 December 2019 and determined that no additional goodwill impairment should be recorded. Potential impairment is identified by comparing the recoverable value, in particular the fair value less cost of disposal, of a cash-generating unit to its carrying value. Fair value is estimated by management using a discounted cash flow model. In estimating the fair value of the cash-generating units, management uses assumptions relating to the discount rate, projected revenue growth rates, projected average operating margin, average capital expenditure, projected license and spectrum payments, and long-term growth rates. The Company's assumptions are affected by expected future market conditions and the continuing challenging economic and political environments in the territories where the Company's subsidiaries operate in and which are inherently uncertain. We focused our audit effort on goodwill recognized in relation to the Algerian cash-generating unit ('CGU') due to the limited headroom calculated in the impairment test. We considered this area to be a key audit matter due to the magnitude of the goodwill balance as well as the fact that the determination of the fair value less cost of disposal is complex and requires substantial judgment from management.	In the context of the annual goodwill impairment test, we have performed procedures, with the help of our valuation specialists, which varied in depth per CGU based on our risk assessment with respect to the volatility of the economic circumstances, the extent of the related goodwill balance as compared to our materiality used and the headroom available between the carrying value and the fair value less costs to dispose. We paid particular focus to the CGU's that were impaired as well as CGU's where limited headroom was available, specifically the Algerian CGU, which included a retrospective review of the prior year estimate by comparing the current year actual results to those projected in the prior year. Our audit procedures included, amongst others: • Assessing the appropriateness of management's identification of the Company's CGUs. • Testing the design and operational effectiveness of the related internal controls, including the completeness, accuracy and relevance of underlying data used in the models. • Testing the composition of future cash flow forecasts by evaluating (i) the current and past performance of the CGUs, (ii) the consistency with external market and industry data, and (iii) the corroboration of strategic initiatives with evidence obtained in other areas of the audit. Specific attention was given to the Algerian CGU's valuation of strategic initiatives and whether such initiatives could be corroborated from a market participants' perspective and the impact of the macroeconomic environment in Algeria on the approved business plan. • Recalculating the carrying values and exchange rates. • Assessing the adequacy of the Company's disclosures regarding assumptions, sensitivities and headroom as included in the accounting policies and in Note 11 to the financial statements. Our procedures did not result in material findings with respect to the goodwill impairment assessment at 31 December 2019 nor the respective disclosures in the financial statements.

Key audit matter	*Our audit work and observations*
Recognition of uncertain tax positions *Note 9* As described in Note 9 to the consolidated financial statements, the Company recorded provisions of USD 117 million at 31 December 2019 related to uncertain tax positions. Given the Group operates in international markets with unpredictable tax legislation, the Company's estimate of tax liabilities may differ from the interpretations by relevant tax authorities of how regulations should be applied to actual transactions. Judgement is required by management in determining the likelihood of sustaining a tax position and the probability of future cash outflows as a result of the settlement process, given the unpredictability and enforcement methods of the relevant tax authorities. We believe the assessment of uncertain tax positions to be a key audit matter based on the significant judgments made by management when assessing the probability of future cash outflows. This in turn led to a high degree of auditor judgment and effort in performing procedures to evaluate management's estimation uncertainty, which include, among others, the likelihood of sustaining a tax position as a result of the settlement process.	With the assistance of tax specialists at the Group and component level, we have performed the following procedures: • Testing the design and operational effectiveness of controls relating to the timely identification and recognition of the liability for uncertain taxes, controls over the completeness of the provision, and controls for the review of required disclosures. • Testing the information used in the calculation of the liability for uncertain tax positions, including evaluating correspondence with tax authorities and assessing the outcomes of court decisions from competitors for industry-wide issues. • Testing the calculation of the liability for uncertain tax positions by jurisdiction, including management's assessment of the technical merits of tax positions and estimates of the amount of tax benefit expected to be sustained. • Testing the completeness of management's assessment of both the identification of uncertain tax positions and possible outcomes of each uncertain tax position. • Evaluating the status and results of tax audits based on communication from the relevant tax authorities • Evaluating the completeness and measurement of the Group's uncertain tax positions, including evaluating the reasonableness of management's assessment of whether tax positions are probable of being sustained and the amount of potential benefit to be realized, the application of relevant tax laws, and estimated interest and penalties. • Obtaining tax and legal letters from the Group's external tax and legal advisors and reconciling these to the positions taken. • Assessing the adequacy of the Group's disclosures. We did not have material findings with respect to the positions at 31 December 2019 nor the respective disclosures in the financial statements.
Compliance with anti-bribery and anti-corruption laws and regulations *Note 8*	Our audit approach included testing of controls and performing substantive procedures covering amongst others:

Key audit matter	Our audit work and observations
As described by the Company in Note 8 to the consolidated financial statements and the accompanying Management Discussion & Analysis, the Group operates in countries which pose elevated risks of corruption. Given the increased risk of corruption, management exercises judgement in investigating allegations of potential non-compliance with anti-bribery and anti-corruption laws, which in turn may subject the Company to penalties and administrative costs. We dedicated a significant amount of time in our audit to this increased risk and therefore have also determined this to be a key audit matter. As a result of investigations under the U.S. Foreign Corrupt Practices Act in 2016, the Company was subject to a Deferred Prosecution Agreement ('DPA') with the U.S. Department of Justice and a settlement agreement with the Dutch Public Prosecution (Openbaar Ministerie), both of which concluded in 2019. As part of the agreements, an independent compliance monitor over saw improvements to the Company's internal compliance program and certified the sufficiency of the program upon conclusion of the monitorship in 2019. With the conclusion of the DPA, the U.S. Department of Justice filed a motion with the U.S. District Court for the Southern District of New York to dismiss the charges deferred by the DPA, which was granted on 26 February 2020. The Company's continued implementation of the independent compliance Monitor's recommendations over the course of 2019 warranted attention from an audit perspective.	• Understanding of the local laws and regulations and various levels of interaction with government officials. • Testing the effectiveness of controls relating to the whistleblower and anti-bribery and anti-corruption compliance programs and the vendor due diligence process. • Evaluating communication with regulatory agencies. • Identifying and evaluating potentially unusual payments to related parties and reading complex contracts. • Attending discussions in the audit and risk committee on the results of internal and external investigations and on the design and effectiveness of the Company's compliance programs and internal controls relating to the prevention and detection of fraud. • Evaluating the implications of the findings of the independent compliance Monitor. • Reading the minutes of the board of directors and the other executive committees. • Obtaining external legal confirmations. • Assessing actions undertaken by management upon identification of potential instances of fraud. Our procedures included the use of forensics expertise and testing of selected investigations, including challenging management on the extent of investigation procedures performed to support conclusions reached. • Assessing the adequacy of the Company's disclosures. Our procedures did not result in material findings with respect to the level of provisions at 31 December 2019 nor the respective disclosures in the financial statements.
Revenue recognition *Note 3* As described in Note 3 to the consolidated financial statements, the Company's consolidated revenue balance was USD 8.863 million at 31 December 2019, and is made up of billions of relatively small transactions in combination with multiple tariff plans, with the largest volume of plans in Russia. Throughout	Our audit approach included testing of controls and performing substantive procedures, including data analytics, covering amongst others: • Understanding and testing the IT environment in which billing, rating and other relevant support systems reside, including the change management and restricted access procedures in place.

Key audit matter	*Our audit work and observations*
the Group there is a large number and wide variety of legacy billing and other operating support systems in the revenue process that result in an increased risk of the appropriateness of the revenue recorded. The magnitude of revenue and complexity in the recognition processes arising from a variety of legacy systems, with IT control deficiencies, requires substantial audit effort with respect to the design, implementation and operating effectiveness of controls, assessment of management's remediation of identified control deficiencies, including the implementation of compensating controls and substantive test procedures to be performed. Therefore, we considered this a key audit matter.	• Testing the design and operational effectiveness of the revenue and receivables cycle related controls. • Assessing the remediation of identified control deficiencies and testing the related compensating controls. • Testing the end-to-end reconciliation from mediation to billing and rating systems to the general ledger. The testing also included tracing material journals, between the billing or intelligent network systems and the general ledger, to underlying documentation and confirming the rationale. • Reconciling the amounts of vouchers and other top-up transactions with respect to prepaid services to the transactional cash receipts data per the cash system. • Performing tests on the accuracy of customer bill generation and testing of a sample of the credits and discounts applied to customer bills. • Performing test calls and reconciling these with the billed amounts; and • Testing cash receipts for a sample of customers back to the customer invoice. Our procedures did not result in material findings with respect to the revenue recorded at 31 December 2019 nor the respective disclosures in the financial statements.

Emphasis of matter – IFRS 16 adoption

We draw attention to Notes 1 and 24 of the consolidated financial statements which describes that the Company changed the manner in which it accounts for leases in 2019 as a result of the adoption of IFRS 16 Leases. Our opinion is not modified in respect of this matter.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of VEON Ltd. on 28 July 2014 by the board of directors following the passing of a resolution by the shareholders at the annual meeting held on 28 July 2014.
Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of six years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 16 to the company financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of management and the board of directors for the financial statements

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The board of directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, the Netherlands, 13 March 2020
PricewaterhouseCoopers Accountants N.V.

W.J. van der Molen RA

Appendix to our auditor’s report on the financial statements 2019 of VEON Ltd.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management’s use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole.
  However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit and risk committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.