

Earnings Release
2Q21 results



VEON

30 AUGUST 2021

STRONG GROWTH IN REVENUE AND EBITDA ACROSS THE GROUP

FULL-YEAR 2021 REVENUE AND EBITDA GUIDANCE RAISED

Amsterdam (30 August 2021) - VEON Ltd. (VEON) announces results for the second quarter ended 30 June 2021:

2Q21 HIGHLIGHTS:

- A return to growth of Group revenue and EBITDA on a reported basis and continued acceleration on a local currency basis
 - Beeline Russia reports growth in total revenue, service revenue and EBITDA, up in local currency terms 6.2%, 2.7% and 2.2% YoY respectively
 - Strong revenue performance on a local currency basis for the Group
 - Digital services continue to expand their reach, with more than 38 million monthly active users across our digital product offerings
 - Continued progress in optimizing our capital structure, lowering cost of debt, lengthening maturities and increasing local currency funding
 - FY2021 revenue guidance increased to high single-digit growth, and FY2021 EBITDA guidance increased to mid to high single-digit growth on a local currency basis
- Strong 2Q21 Group results, with reported revenues up 9.2% YoY, with growth in local currency revenues of 11.3% YoY; an acceleration from the 4.2% YoY growth recorded in 1Q21. Russia showed improved execution in its quarterly revenue trends, with 2Q21 local currency growth of 6.2% YoY.
 - Reported Group EBITDA increased by 8.7% YoY, while in local currency terms EBITDA increased 10.7% YoY. This solid result was driven by robust local-currency EBITDA performance in Ukraine (+17% YoY), Kazakhstan (+21% YoY) and Pakistan (+14.5% YoY). Russia returned to positive local currency EBITDA growth (+2.2%).
 - Implementation of our investment plans continued, with total operational capex of USD 505 million bringing our 12-month capex intensity to 24.3%, supporting the continued expansion of our 4G customer base during the period. The combined 4G population coverage of our operating companies reached 77%, an increase of 10p.p. YoY.
 - The Group's 4G user base increased by 26 million YoY and 6 million QoQ, enabled by the pace of our innovative network investments, our digital offerings and our quality of service, resulting in total 4G users of 93 million. 4G subscriber penetration stood at 43% at quarter-end. The Group also recorded a QoQ increase in its total subscribers, which grew by 0.9 million in 2Q21 to 214 million.
 - Mobile data revenues increased by 19% YoY in local currency (17% YoY reported), driven by the growth in 4G users with correspondingly higher ARPUs. We continue to expect the growth in 4G users and the associated increased 4G penetration to be a key tailwind for the Group over the next few years.
 - VEON's digital businesses continued to perform well. JazzCash closed the quarter with 13 million monthly active users (+61% YoY), Toffee TV in Bangladesh reached 5 million monthly active users from launch in November 2019 and Beeline TV in Russia had 3.0 million monthly active users (+24% YoY) in 2Q21.
 - Group net debt of USD 8.5bn (of which lease liabilities were USD 2.0bn) at the end of 2Q resulted in a net debt/EBITDA ratio of around 2.4. These figures reflect cash capex costs of approximately USD 475m in the quarter. Over the past 12 months, the Group's cost of debt (excluding leases) declined to 6.1% from 6.4%, while debt maturity (excluding leases) increased to 3.2 years, from 2.8 years in 2Q20.

KEY RECENT DEVELOPMENTS

- On 10 June 2021, VEON held its Annual General Meeting, where its Shareholders elected Irene Shvakman, Sergi Herrero and Vasily Sidorov to its Board of Directors replacing Osama Bedier, Peter Derby and Amos Genish
- Jazz Pakistan secured a 10-year PKR 50 billion syndicated credit facility
- JazzCash launched a new business app for merchant users
- Kyivstar's Smart Money app awarded 'Best Fintech Service' at Leaders in Fintech and Digital Banking awards
- Beeline Kazakhstan launched 'Simply', the nation's first digital payment card
- Beeline Russia accelerated its plans for the roll-out of regional AdTech services through the acquisition of OTM
- On 1 July 2021, VEON announced the exercise of its put option to sell its stake in Djezzy. Price will be set in accordance with a contractually determined process
- In July 2021, VEON announced that Stephen Pusey decided to step down from its Board of Directors
- VEON's MSCI ESG rating upgraded from BBB to single-A
- Fitch reaffirms VEON's credit rating at BBB- with a Stable outlook

Kaan Terzioğlu commented on 2Q21 results:

"This was a very strong quarter for the Group, which supported our further upward revision to our Group revenue and EBITDA guidance for the full year period. The underlying operational execution of our Digital Operator model is gaining further traction across our Group, opening up exciting prospects both for our customers and for our stakeholders.

Our ongoing focus on growing our 4G customers remains a key driver of this performance. They now account for 43% of our total base, a 11 percentage-point growth over the past year. This translates into better services and overall performance, and will continue to provide traction to our business for the rest of this year and beyond as we build out our Digital Operator model across our markets.

Another quarter of strong execution in Russia is particularly noteworthy: following the return to growth of total revenues and service revenues earlier, we saw Beeline Russia reporting growth in mobile service revenue for the full quarter. The business continues to benefit from our ongoing network investment and the focus on customer experience.

I am also pleased to report that we have made further progress on streamlining and rationalizing our portfolio with the exercise of the put option in Algeria. While this transaction is still in progress, it does support our previous commitment on re-focusing our portfolio on markets where the regulatory environment is supportive of shareholder value creation."

KEY FIGURES 2Q21

- **Revenue:** USD 2,065 million, +9.2% YoY on a reported basis and +11.3% YoY in local currency, with accelerating revenue growth in Pakistan, Ukraine, Kazakhstan and Bangladesh, bolstered by improved local currency performance for the Group
- **EBITDA:** USD 879 million, +8.7% YoY on a reported basis and +10.7% YoY in local currency, driven by EBITDA expansion in all main reporting segments
- **Operational Capex:** investments of USD 505 million during 2Q21, with rolling 12-month capex intensity of 24.3% driving further network improvement
- **Capital structure:** Group leverage of 2.4x, including lease liabilities; total cash and undrawn committed credit lines of USD 2.8 billion; average cost of debt (excluding leases) of 6.1% and average debt (excluding leases) maturity at 3.2 years
- **Net income for the period:** USD 127 million, -27.1% YoY

USD million	2Q21	2Q20	YoY reported	YoY local currency ¹	1H21	1H20	YoY reported	YoY local currency ¹
Total Revenue, of which	2,065	1,892	9.2%	11.3%	4,054	3,988	1.6%	7.6%
mobile and fixed service revenue	1,927	1,795	7.4%	9.5%	3,780	3,773	0.2%	6.0%
of which mobile data revenue	724	621	16.7%	18.7%	1,411	1,282	10.0%	16.1%
EBITDA	879	809	8.7%	10.7%	1,754	1,729	1.5%	7.4%
EBITDA margin (EBITDA /total revenue)	42.6%	42.7%	(0.2p.p.)		43.3%	43.3%	(0.1p.p.)	
Net income/(loss) for the period	127	175	(27.1%)		265	294	(9.9%)	
Net income/(loss) for the period attr. to VEON shareholders	101	156	(35.4%)		230	264	(12.8%)	
Operational Capex	505	492	2.5%		929	860	8.0%	
LTM Operational Capex / LTM Revenue	24.3%	20.8%	3.5p.p.		24.3%	20.8%	3.5p.p.	
Equity Free Cash Flow	63	(36)	n.m.		50	69	(27.5%)	
Net Debt	8,511	8,166	4.2%					
Net Debt / LTM EBITDA	2.4	2.2						
Total mobile customers (millions)	213.7	204.6	4.5%					
4G smartphone users (millions)	105.6	85.0	24.3%					
4G smartphone penetration, %	49.4%	41.5%	7.9pp					
4G users (millions)	92.7	66.6	39.2%					
4G customer base penetration, %	43.4%	32.5%	10.8p.p.					
4G coverage, %	77.1%	66.8%	10.4p.p.					
Fixed-line broadband customers (millions)	4.6	4.3	5.8%					

Note: in the above table YoY local currency calculated excluding Armenia from 2Q20 and 1H20 results (for further discussion of adjustments made for one-off and non-recurring items, see "Non-recurring items that affect year-on-year comparisons." on page 3)

The non-IFRS financial measures used in this document, including EBITDA, EBITDA margin, Net Debt, Equity Free Cash Flow, Operational Capital Expenditures ("Operational capex"), Capex Intensity, local currency trends, ARPU, are defined in Attachment A "Definitions" on page 18. In the above text YoY local currency calculated excluding Armenia from 2Q20 and 1H20 results. For further discussion of adjustments made for one-off and non-recurring items, see "Non-recurring items that affect year-on-year comparisons" on page 4.

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PRESENTATION OF FINANCIAL RESULTS

VEON's results presented in this earnings release are based on IFRS unless otherwise stated and have not been audited.

Certain amounts and percentages that appear in this earnings release have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including those in tables, may not be an exact arithmetic aggregation of the figures that precede or follow them.

All comparisons are on a year on year (YoY) basis unless otherwise stated.

The non-IFRS measures disclosed in the document, i.e. EBITDA, EBITDA margin, Net Debt, Equity Free Cash Flow, Operational Capital Expenditures, Capex Intensity, local currency year on year change, ARPU are defined in Appendix A.

The non-IFRS measures disclosed in the document, i.e. EBITDA, Net Debt, Equity Free Cash Flow, Operational Capital Expenditures, local currency year on year change, are reconciled to the comparable IFRS measures in Attachment C.

NON-RECURRING ITEMS THAT AFFECT YEAR-ON-YEAR COMPARISONS FOR REVENUE AND EBITDA

On 29 October 2020, VEON announced the sale of CJSC "VEON Armenia", VEON's operating subsidiary in Armenia. Armenia results were deconsolidated from VEON Group numbers starting from 4Q20.

Local currency year-on-year trends for 2Q21 and 1H21 disclosed in this earnings release exclude the impact of foreign currency movements (see full definition in Attachment A) and exclude non-recurring item – the sale of Armenia operations.

KEY RECENT DEVELOPMENTS

FY2021 guidance improved

VEON increases its FY2021 revenue guidance to high single-digit revenue local currency growth from mid-single-digit revenue growth, and FY2021 EBITDA guidance to mid to high single-digit EBITDA local currency growth from mid-single-digit EBITDA growth. Capex intensity guidance for FY 2021 remains unchanged at 22-24%.

VEON shareholders elected new members to its Board of Directors

Shareholders elected three new members to the Company's Board of Directors at the Group's AGM on 10 June 2021: Vasily Sidorov, Irene Shvakman, and Sergi Herrero, the Group's co-Chief Executive Officer who stepped down from that role in June 2021. Shareholders also elected nine previously serving directors: Hans-Holger Albrecht, Leonid Boguslavsky, Mikhail Fridman, Gennady Gazin, Yaroslav Glazunov, Andrei Gusev, Gunnar Holt, Stephen Pusey and Robert Jan van de Kraats.

In July 2021, VEON announced that Stephen Pusey decided to step down from its Board of Directors.

JazzCash launched new app for business owners

In May 2021, Pakistan's pioneering digital financial services provider JazzCash launched an app for its expanding merchant base, which accounts for over 100,000 registered users.

The JazzCash Business App aims to make digital payments more efficient and seamless for business owners, company managers and small businesses. The app includes advanced business-related tools, including the ability to generate a QR code for specific amounts in real time and to send customisable digital invoices to customers, as well as to monitor sales and transactions and to conduct salary disbursements and supplier payments with ease.

Kyivstar's Smart Money received 'Best Fintech Service'

In May 2021, Kyivstar received the Best Fintech Service award for its innovating financial service application, Smart Money, at the Leaders in Fintech and Digital Banking Awards 2021 in Ukraine.

Kyivstar's Smart Money app allows users to make thousands of day-to-day payments, such as for public transport, utility bills and TV services via their mobile phone, without having to pay commission or linking to a bank card. Smart Money gives customers the ability to pay for over 3,000 services and is regularly used by more than 1.2 million Kyivstar customers.

Beeline Kazakhstan first to issue digital payment card in Kazakhstan

In June 2021, Beeline Kazakhstan launched the country's first digital payment card integrated with its mobile financial services offering under the "Simply" brand. Simply is linked to a customer's phone number, an electronic wallet and a premium digital Visa Platinum card and integrates with digital wallets such as Apple Pay, Samsung Pay and Garmin Pay.

VEON acquires OTM in Russia, supporting plans for AdTech roll-out across its operating markets

In June 2021, VEON acquired a majority stake in OTM, a technology platform for automating and planning online advertising purchases in Russia.

VEON's investment in OTM will significantly strengthen Beeline's position in the advertising technology market and enable VEON to expand OTM's operations into other markets served by VEON's mobile operators. The acquisition builds on VEON's ongoing transformation into a digital operator.

OTM is one of the largest independent AdTech players in Russia, both in terms of revenue and in the volume of online ad inventories managed by its platforms. Since its inception in 2010, OTM has partnered with Russian leading ad agencies to offer a full offering of award-winning programmatic products. As part of the VEON Group, OTM remains a separate operating company managed by its current management team and plays an important role in growing VEON's AdTech business.

Jazz Pakistan secured 10-year PKR 50 billion syndicated credit facility

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

The facility is the first of its kind to be extended to the local telecoms sector in terms of amount and tenor. The Pakistan Credit Rating Agency Limited has recently upgraded Jazz's long-term rating to 'AA' with a stable outlook, underscoring the company's strong financial foundations.

VEON announced the exercise of its put option to sell its stake in Djezzy

On 1 July 2021, VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnimium Telecom Algérie SpA to the Algerian National Investment Fund, Fonds National d'Investissement (FNI). Omnimium owns Algerian mobile network operator, Djezzy. The exercise of the option initiates a process under which a third-party valuation is undertaken to determine the fair market value at which the transfer shall take place. This important step will further streamline VEON's operations, allowing for an improved focus on our core markets.

VEON's MSCI ESG rating upgraded from BBB to single-A

MSCI ESG Ratings upgraded VEON from 'BBB' to 'A' in its most recent assessment of the Group's resilience to long-term Environmental, Social and Governance risks. Their report, dated June 2021, cited the Group's performance in corporate governance as a particular area of strength relative to its industry peers.

FITCH reaffirms VEON's credit rating

On 10 August 2021 FITCH reaffirmed VEON's rating at 'BBB-' with a stable outlook. The report cited the Group's commitment to its leverage target and the expectation of improving revenue and EBITDA with gradually declining capex over the medium term

Ongoing comment letter process with the Dutch Authority for the Financial Markets (the "AFM")

On 7 July 2021, we received a letter from the AFM asserting that the goodwill impairment tests for the cash-generating units in Russia and Algeria had not been applied correctly in the first half of 2020 because our goodwill impairment tests did not take into account all aspects that market participants would take into account in determining the fair value less cost of disposal. The AFM has asserted that they do not agree with our assumptions regarding the discount rate and projected cash flows used in our discounted cash flow model.

The AFM comment process began in November 2020, when we received an initial comment letter from the AFM seeking

additional information regarding our goodwill impairment testing performed in the first half of 2020 as disclosed in the 2020 Interim Financial Report. We responded to this initial request from the AFM in December 2020, and, during the first half of 2021, we responded to additional information requests from the AFM and met several times with the AFM to discuss our goodwill impairment testing. We continue to believe that our goodwill impairment tests in the first half of 2020 were performed correctly and that no re-performance of the past impairment tests is necessary, as we informed the AFM on 6 August 2021. However, we can provide no assurance as to the outcome of this comment letter process.

As of the date of this report, the AFM's comments remain unresolved. Until these comments are resolved, we cannot determine if we will be required to take an additional goodwill impairment charge or restate or make other changes to our previously issued financial statements. If we are required to take an additional goodwill impairment charge or restate or make other changes to our previously issued financial statements, such circumstances may involve the identification of one or more significant deficiencies or potentially even material weaknesses in our internal control over financial reporting, which could have a potential adverse effect on our net profit (i.e., potential non-cash adjustment).

GROUP PERFORMANCE

In 2Q21, VEON recorded strong growth in local currency revenue and EBITDA versus 2Q20 when the operational impact of pandemic-related restrictions across the Group was at its peak. Although our operations continued to face the impact of the COVID-19 pandemic to a limited extent, the adjustments we have made to our business operations, including the greater use of digital channels to engage with our customers, supported the Group performance and underscored the resilience of our businesses to the pandemic.

While all our countries are still facing travel restrictions to some extent, which negatively impact roaming revenues, demand for our data services has remained strong, enabling us to continue to grow our data revenues at double-digit pace. In parallel, in several of our markets we saw strong growth in fixed-line services as our customers continue to work remotely.

In 2Q21, Group revenue increased by 11.3% in local currency terms versus 2Q20 when pandemic-related restrictions had a significant impact on our operations (2Q20 revenues fell by 6.9% YoY on a local currency basis). Robust growth in mobile data revenues (+18.7% YoY) led the growth in revenues on a local currency basis. EBITDA followed these increased revenues, increasing by 10.7% in local currency terms versus 2Q20 (2Q20 EBITDA fell by 11.2% YoY on a local currency basis). On a reported basis, currency movements adversely affected Group revenue and EBITDA in 2Q21, which grew by 9.2% and 8.7% respectively.

All nine operating markets delivered local currency revenue growth. Russia showed improved execution in revenue trends for the third successive quarter, with total revenue increasing by 6.2% YoY in local currency terms, aided by improvements in handsets sales, growth in B2B revenue and fixed-line revenue, and mobile service revenue is back to YoY growth. Beeline saw

continued expansion in Beeline's 4G customer base (+20.5% YoY) and an accompanying increase in ARPU (+4.8% YoY). This 4G customer trend was reflected at the Group level, where our 4G subscriber numbers rose by 26.1 million YoY to reach 92.7 million, or around 43% of the Group's total mobile customers.

The Group maintained its resolute focus on investing in the expansion of our 4G networks during the quarter, which now reach 77% of the 680 million combined population of our nine operating markets, compared with 74% in 1Q20. Group capex rose by 2.5% YoY as a consequence to USD 505 million, corresponding to capex intensity of 24.3%.

Continued investment in our digital capabilities and services remained a key strategic focus throughout the quarter and helped us to grow our digital users significantly. Our market-leading digital financial service JazzCash ended the quarter with 13.1 million monthly active users, a rise of 61.4% YoY. Toffee in Bangladesh served 5.0 million monthly active users (+480% YoY) in 2Q21 and Beeline TV in Russia recorded 3.0 million users, a 24% YoY growth. Our digital mobile operator in Kazakhstan, Izi, ended the quarter with 63,000 monthly active users, a rise of 221% YoY.

Reflecting the encouraging upward progress in financial performance, we have increased Group guidance for FY 2021 in relation to local currency performance in revenue. We now anticipate high single-digit growth in local currency for Revenue and mid to high single-digit growth in local currency for EBITDA for the financial year, versus our previous guidance of mid-single-digit growth in local currency terms. Our Group capex intensity target of 22-24% remains unchanged.

INCOME STATEMENT & CAPITAL EXPENDITURES

USD million	2Q21	2Q20	YoY reported	YoY local currency	1H21	1H20	YoY reported	YoY local currency
Total revenue	2,065	1,892	9.2%	11.3%	4,054	3,988	1.6%	7.6%
Service revenue	1,927	1,795	7.4%	9.5%	3,780	3,773	0.2%	6.0%
EBITDA	879	809	8.7%	10.7%	1,754	1,729	1.5%	7.4%
EBITDA margin	42.6%	42.7%	(0.2p.p.)		43.3%	43.3%	(0.1p.p.)	
Depreciation, amortization, impairments and other	(505)	(481)	(4.9%)		(1,003)	(995)	(0.8%)	
EBIT (Operating Profit)	374	327	14.2%		752	734	2.4%	
Financial income and expenses	(161)	(178)	9.7%		(324)	(376)	13.7%	
Net foreign exchange (loss)/gain and others	1	7	(87.3%)		11	(21)	n.m.	
Other non operating gains / losses	2	86	(97.5%)		7	101	(93.2%)	
Profit before tax	216	243	(11.1%)		445	438	1.6%	
Income tax expense	(88)	(68)	(30.1%)		(180)	(144)	(25.0%)	
Profit/(Loss) for the period	127	175	(27.1%)		265	294	(9.9%)	
Of which Profit/(Loss) attributable to non-controlling interest	(27)	(19)	41.0%		(35)	(30)	14.6%	
Of which Profit/(Loss) attributable to VEON shareholders	101	156	(35.4%)		230	264	(12.8%)	

	2Q21	2Q20	YoY reported
Operational capex	505	492	2.5%
Capex intensity (LTM Operational capex/revenue)	24.3%	20.8%	3.5pp

	1H21	1H20	YoY reported
Operational capex	929	860	8.0%
Capex intensity (LTM Operational capex/revenue)	24.3%	20.8%	3.5pp

Note: in the above table YoY local currency calculated excluding Armenia from 1Q20 results (for further discussion of adjustments made for one-off and non-recurring items, see "Non-recurring items that affect year-on-year comparisons." on page 3)

For discussion on EBITDA performance please refer to the "Group performance" section.

Depreciation, amortization, impairments and other increased by 4.9% YoY to USD 505 million due to the accelerated rollout of our network investments. No significant impairment charges were recorded in 2Q21.

Financial income and expenses decreased YoY from negative USD 178 million in 2Q20 to negative USD 161 million in 2Q21 as a result of our financing activities over the last twelve months, which decreased our average cost of debt by 0.3p.p to 6.1%.

Income tax expense increased by 30.1% YoY to USD 88 million, mainly due to the increased profitability of our operating companies. There were no material changes in income tax rates across our geographies in 2Q21 compared to prior periods.

The Group recorded **net income for the period of USD 127 million**, a decrease of 27.1% YoY, primarily due to the other non-operating gains recorded in 2Q20 amounting to USD 86 million.

These were mainly driven by the revaluation of a contingent consideration liability associated with our past acquisition of Warid in Pakistan in 2016, and recognition of a gain upon reaching a settlement in connection with the dispute concerning the sale of Telecel Globe Limited.

Operational capex was USD 505 million in 2Q21, up from the USD 492 million recorded in 2Q20, mainly due to VEON's continued focus on its 4G network investment program. Capex intensity for last twelve months was 24.3%.

FINANCIAL POSITION & CASH FLOW

USD million	2Q21	1Q21	QoQ
Total assets	14,753	14,306	3.1%
Shareholders' equity	402	298	34.9%
Gross debt of which	9,703	9,519	1.9%
Corporate debt	7,727	7,672	0.7%
Lease liabilities	2,050	1,938	5.8%
Net debt	8,511	8,325	2.2%
Net debt/LTM EBITDA	2.4	2.4	

USD million	2Q21	2Q20	YoY
Net cash from/(used in) operating activities	602	480	122
Net cash from/(used in) investing activities	(554)	(538)	(16)
Net cash from/(used in) financing activities	(123)	(201)	78

Note: Certain comparative amounts have been reclassified to conform to the current period presentation

Gross debt increased to USD 9,703 million in 2Q21 compared to USD 9,519 million in 1Q21 due to additions in lease liabilities and an appreciation of the RUB against USD.

Jazz in Pakistan signed a PKR 50 billion (approximately USD 320 million) syndicated credit facility from a banking consortium led by HBL. This 10-year facility will be used to finance the company's ongoing 4G network rollouts and technology upgrades, as well as to address upcoming maturities.

Net debt increased marginally QoQ to USD 8,511 million mostly due to appreciation of RUB against USD and the increase in lease liabilities.

Net cash from operating activities increased in 2Q21 to USD 602 million mainly due to the Group's strong EBITDA performance, as well as lower net tax paid.

Net cash flow used in investing activities was USD 554 million due to the reclassification of USD 78 million of financial assets into cash at Mobilink bank, offset by higher cash Capex related to the Group's investment in high-speed data networks.

Net cash used in financing activities was USD 123 million, a YoY improvement of USD 78 million. In 2Q21 net cash used in financing activities primarily reflects payments related to lease liabilities (principal amount) of USD 89 million and the net repayment of borrowings of USD 34 million. In 2Q20 net cash used in financing activities was primarily a result of movements in the gross debt in the respective period: RUB 20 billion (USD 287 million equivalent) notes issued under its MTN program (which was established in April 2020), draw down of the debt in Pakistan of USD 49 million equivalent and RUB 100 billion (USD 1.3 billion equivalent) bilateral term loan agreement with Sberbank, which was used to refinance and extend the maturity of the existing loans with Sberbank. In 2Q20 VEON Holdings also purchased Banglalink's USD 300 million facility from a syndicate of international lenders and repaid USD 100 million of the outstanding amount of VEON's Revolving Credit Facility.

COUNTRY PERFORMANCE

- Russia
- Ukraine
- Pakistan
- Kazakhstan
- Algeria, Bangladesh and Uzbekistan

Key figures by countries

USD million	2Q21	2Q20	YoY reported	YoY local currency	1H21	1H20	YoY reported	YoY local currency
Total revenue	2,065	1,892	9.2%	11.3%	4,054	3,988	1.6%	7.6%
Russia	939	907	3.5%	6.2%	1,859	1,927	(3.6%)	3.7%
Ukraine	257	223	15.2%	18.1%	502	461	8.9%	16.5%
Pakistan	370	288	28.6%	21.4%	718	604	18.8%	16.3%
Kazakhstan	137	111	23.7%	27.0%	265	229	15.9%	21.7%
Algeria	163	160	1.9%	5.9%	323	345	(6.6%)	0.0%
Bangladesh	140	130	7.1%	6.9%	275	267	2.7%	2.5%
Uzbekistan	47	48	(1.7%)	3.2%	92	102	(10.2%)	(3.4%)
Other	20	32	(38.5%)	(33.7%)	38	69	(45.0%)	(38.5%)
HQ and Eliminations	(8)	(8)	1.8%		(17)	(17)	(2.5%)	
Service revenue	1,927	1,795	7.4%	9.5%	3,780	3,773	0.2%	6.0%
Russia	839	839	0.0%	2.7%	1,660	1,772	(6.3%)	0.8%
Ukraine	256	222	15.2%	18.0%	499	458	8.9%	16.6%
Pakistan	340	266	27.9%	20.8%	658	559	17.7%	15.2%
Kazakhstan	134	110	21.2%	24.4%	258	227	13.9%	19.6%
Algeria	163	159	2.3%	6.3%	321	343	(6.4%)	0.3%
Bangladesh	137	128	7.2%	7.0%	270	262	2.7%	2.5%
Uzbekistan	47	48	(1.7%)	3.1%	92	102	(10.0%)	(3.2%)
Other	19	31	(37.0%)	(32.0%)	37	66	(43.5%)	(36.8%)
HQ and Eliminations	(8)	(8)	1.8%		(16)	(17)	(2.1%)	
EBITDA	879	809	8.7%	10.7%	1,754	1,729	1.5%	7.4%
Russia	355	357	(0.6%)	2.1%	715	784	(8.8%)	(1.9%)
Ukraine	173	151	14.5%	17.4%	340	313	8.8%	16.4%
Pakistan	161	133	21.3%	14.5%	317	280	13.4%	11.2%
Kazakhstan	72	61	18.3%	21.4%	138	124	11.3%	16.9%
Algeria	71	64	10.6%	15.0%	139	145	(4.1%)	2.7%
Bangladesh	56	54	4.2%	4.0%	112	113	(1.1%)	(1.3%)
Uzbekistan	18	20	(10.6%)	(5.9%)	40	45	(11.4%)	(4.3%)
Other	18	11	62.2%	76.3%	24	25	(3.0%)	7.2%
HQ and Eliminations	(45)	(42)	6.7%		(71)	(99)	(28.7%)	
EBITDA Margin	42.6%	42.7%	(0.2p.p.)		43.3%	43.3%	(0.1p.p.)	

RUSSIA

After a strong start to the year the key focus of the Beeline Russia team remains on improving the business' operating performance and enhancing the overall customer experience, including further expanding the 4G uptake and enhancing our digital services. In 2Q21, Beeline Russia demonstrated strong progress on its operational turnaround, delivering YoY growth in total revenue, service revenue and EBITDA, and a rise in customer numbers both YoY and QoQ. We expect Beeline Russia to deliver positive service revenue growth for the full year.

RUB million	2Q21	2Q20	YoY	1H21	1H20	YoY
Total revenue, incl.	69,596	65,513	6.2%	137,999	132,971	3.8%
EBITDA	26,298	25,737	2.2%	53,129	53,917	(1.5%)
EBITDA margin	37.8%	39.3%	(1.5pp)	38.5%	40.5%	(2.0pp)
Operational Capex	22,077	18,037	22.4%	36,867	28,980	27.2%
Capex intensity	29.3%	22.0%	7.3pp			
Mobile						
Total revenue	59,511	56,227	5.8%	117,861	114,409	3.0%
Service revenue	52,264	51,425	1.6%	103,565	103,942	(0.4%)
Data revenue	17,226	16,201	6.3%	33,955	32,499	4.5%
Subscribers (mln)	50.1	49.8	0.6%			
Data users (mln)	33.9	31.5	7.5%			
4G smartphone users (mln)	29.9	27.4	9.2%			
4G users (mln)	24.2	20.1	20.5%			
ARPU (RUB)	348	332	4.8%			
MOU (min)	321	321	0.0%			
Data Usage (GB/user)	12.5	8.1	55.3%			
4G coverage	89%	87%	2.0pp			
Fixed-line						
Total revenue	10,085	9,287	8.6%	20,138	18,562	8.5%
Service revenue	9,989	9,220	8.3%	19,730	18,332	7.6%
Broadband revenue	3,030	2,701	12.2%	5,953	5,527	7.7%
Broadband subscribers (mln)	2.9	2.7	6.8%			
Broadband ARPU (RUB)	353	336	4.9%			

Total revenue recorded solid growth of 6.2% YoY in 2Q21 to RUB 69,596 million, supported by the YoY improvement in handsets sales. Encouragingly we saw a return to growth in mobile service revenue (+1.6% YoY), as well as continued growth in Beeline's fixed-line (+8.6% YoY) and B2B segments (+15.3% YoY). The performance in mobile service revenue largely reflects the successful adoption of 4G services across Beeline's customer base. Beeline continued with measures to eliminate unrequested services from content providers to its customers, which has proven to have a positive impact on Net Promoter Score and quarterly churn, which declined by 3 p.p. YoY in 2Q21 to 10.8%. Within the mobile service revenue segment, the business segment continues to grow strongly while the consumer segment remains challenging and this remains a key focus for management for the balance of the year.

Fixed-service revenue continued to grow, increasing by 8.3% YoY in 2Q21, as customers continued to draw on fixed-line data at home. Broadband subscriber numbers increased by 7% YoY.

Business customers remained a strong focus, **with B2B revenue** increasing by 15% YoY in 2Q21. Beeline continued to enhance its B2B offering in the quarter with new digital services addressing growing customer demand for integrated solutions. In order to

expand its technological capabilities in cloud services, Beeline Business launched a new cloud solution in partnership with Yandex.Cloud. In addition, Big Data digital products revenue (a group of B2B services that analyze large data sets to reveal patterns and trends) grew by 60.8% YoY, mainly driven by revenue from advertising technology services which increased by 170% YoY.

Beeline's total mobile customer base increased by 0.6% YoY in 2Q21, reflecting the success of several initiatives. These included an accelerated network rollout, customer-centric offers and the elimination of unrequested services from content providers. Beeline Russia successfully grew its 4G user base, which expanded by 20.5% YoY in 2Q21, reflecting improved high-speed data services.

Beeline TV monthly active users increased to 3 million in 2Q21 (23.6% YoY), which reflects its expanded content offering, as well as targeted customer propositions supported by an advanced customer recommendation engine.

Beeline continues to focus its distribution through online channels with a focus on self-registration products. The monthly active users of the self-care application **MyBeeline** increased by 13% YoY, which reflects Beeline's efforts to digitalize contacts with customers and partners.

EBITDA increased by 2.2% YoY in 2Q21, primarily as a result of the growth in service revenue, as well as an improvement in handsets sales and margin, offset by an increase in commercial and network operating costs.

Capex excluding licenses and leases (operational capex) increased by 22.4% YoY in 2Q21. Capex intensity was 29.3%, reflecting continued high levels of network investment throughout 2Q21. Beeline increased its number of 4G sites by 15.3% YoY, focusing across all regions to ensure the provision of high-quality infrastructure that is ready to integrate new technologies. In June 2021 Beeline announced a joint project with other telecom operators to clean up spectrum to free frequencies for 5G.

UKRAINE

Kyivstar, Ukraine's market-leading telecoms operator, continued to record double-digit growth in both revenue and EBITDA in 2Q21, driven by a continued focus on 4G connectivity and digitalizing solutions for its customers. We expect Kyivstar to continue to deliver double-digit revenue growth in the remainder of 2021.

UAH million	2Q21	2Q20	YoY	1H21	1H20	YoY
Total revenue, incl.	7,094	6,009	18.1%	13,936	11,960	16.5%
EBITDA	4,783	4,075	17.4%	9,441	8,116	16.3%
EBITDA margin	67.4%	67.8%	(0.4p.p.)	67.7%	67.9%	(0.1p.p.)
Operational Capex	1,462	1,561	(6.4%)	2,539	2,525	0.5%
Capex intensity	17.9%	20.0%	(2.0p.p.)			
Mobile						
Total operating revenue	6,597	5,593	18.0%	12,954	11,123	16.5%
Service revenue	6,597	5,593	18.0%	12,954	11,123	16.5%
Data revenue	3,946	3,149	25.3%	7,783	6,153	26.5%
Customers (mln)	25.9	25.4	2.1%			
Data customers (mln)	17.4	15.9	9.2%			
4G smartphone users (mln)	16.0	13.5	18.7%			
4G users (mln)	10.3	7.8	32.2%			
ARPU (UAH)	84	72	16.4%			
MOU (min)	620	641	(3.3%)			
Data usage (GB/user)	6.2	5.0	23.6%			
4G coverage	89%	81%	7.5pp			
Fixed-line						
Total operating revenue	464	388	19.3%	914	773	18.3%
Service revenue	464	388	19.3%	914	773	18.3%
Broadband revenue	295	257	14.7%	586	505	15.9%
Broadband customers (mln)	1.16	1.04	11.5%			
Broadband ARPU (UAH)	85	83	2.9%			

Total revenue showed consistent double-digit growth for the fourth quarter in a row, representing a full recovery after lockdown measures were implemented in the spring of 2020. In 2Q21, revenue grew by 18.1% YoY, mainly due to ARPU expansion on the back of the strong 4G adoption. Mobile service revenue increased by 18.0% YoY, supported by marketing activities to drive 4G adoption and the associated strong growth in data consumption, with mobile data revenue growth of 25.3% YoY. Fixed-line service revenue increased by 19.3% YoY as customers continued to draw on fixed-line data at home, while Kyivstar focused on FTTB rollout to address this growing demand.

B2B revenues increased by 15.9% YoY in 2Q21, reflecting Kyivstar's promotion of new digital solutions for its business customers and rapid growth in Big Data services with a 4 fold increase YoY in Big Data and AdTech revenue. Kyivstar is offering Microsoft Azure Stack, one of the most popular cloud services for business, which allows the transfer of complex computing to remote facilities. For medium, small and start-up companies, Kyivstar provides Open Application Programming Interfaces (Open API), a unique platform in the market, developed fully in-house. By

offering Open API, Kyivstar can provide developers with data, analytics, scoring capabilities and services in a user-friendly environment.

Kyivstar's total mobile customer base showed a YoY increase of 2.1%, recovering following lower gross additions during lockdown when the strict measures in 2Q20 resulted in the partial closure of Kyivstar stores and lower customer mobility. The growth was supported by strong increase in the 4G segment with users up by 2.5 million (+32%) YoY, with penetration of 40% of the total base. The growth in 4G users and the associated increase in data usage contributed to a rise in ARPU of 16% YoY.

Digital adoption and usage have accelerated in the last twelve months. In 2Q21, the number of MyKyivstar self-care users was at 3.0 million, up 91% YoY, while the user base of our Kyivstar TV service increased to 426,000. Smart Money app awarded 'Best Fintech Service' at Leaders in Fintech and Digital Banking awards and 299k MAU showing 11.7% QoQ growth

EBITDA increased by 17% YoY, resulting in an EBITDA margin of 67%. This strong growth in EBITDA was supported by the solid revenue performance in the quarter.

Capex excluding licenses and leases (operational capex) decreased by 6.4% YoY and capex intensity was 17.9% for 2Q21. Kyivstar's strategic focus remained on further 4G roll-out during the quarter, driving 4G population coverage of 89%. In 2Q21, Kyivstar and Vodafone continued their 4G mobile network sharing arrangement in rural areas and on highways. In addition, Kyivstar played a key role in accelerating the development of the 4G nation-wide infrastructure by voluntarily returning to the state its 900 MHz bands to enable the regulator to provide opportunities to invest in new technologies to other operators who face frequency shortages. In 2Q21, Kyivstar completed a significant IT modernization project by deploying Ericsson's Digital Business Support System to better serve its customers.

PAKISTAN

Jazz strengthened its leading position in the market in 2Q21 and continued to record double-digit growth in revenue, maintaining its strategic focus on 4G penetration and expanding digital services to drive future growth in what is one of our most exciting growth markets. We expect double digit full year revenue growth for the business.

PKR million	2Q21	2Q20	YoY	1H21	1H20	YoY
Total revenue, incl.	57,164	47,054	21.5%	112,214	96,336	16.5%
EBITDA	24,817	21,677	14.5%	49,548	44,558	11.2%
EBITDA margin	43.4%	46.1%	(2.7pp)	44.2%	46.3%	(2.1pp)
Operational Capex	13,670	13,852	(1.3%)	28,302	24,585	15.1%
Capex intensity	20.4%	20.6%	(0.1pp)			
Mobile						
Total revenue	57,164	47,054	21.5%	112,214	96,336	16.5%
Service revenue	52,466	43,427	20.8%	102,890	89,145	15.4%
Data revenue	20,943	15,976	31.1%	41,398	31,906	29.7%
Customers (mln)	69.8	62.8	11.1%			
Data customers (mln)	48.4	41.0	18.0%			
4G Smartphone users (mln)	27.8	19.2	44.6%			
4G users (mln)	30.8	19.1	60.9%			
ARPU (PKR)	249	231	8.1%			
MOU (min)	450	475	(5.2%)			
Data usage (GB/user)	4.8	3.5	36.3%			
4G coverage	64%	56%	8.0pp			

Total revenue grew by 21.5% YoY in 2Q21, underpinned by another strong quarter for mobile data revenue, which grew by 31.1% YoY. The expansion in Jazz's 4G user base was a key enabler this growth, increasing by 11.7 million YoY, as 4G subscriber growth accelerated over the past six months. Jazz's 4G penetration increased from 30% to 44% YoY, a 60.9% YoY increase in 4G users.

The Pakistan government introduced a relaxation of certain taxes including SIM tax effective 1 July 2020. This resulted in a positive impact on revenue of PKR1.9bn. Excluding the SIM tax adjustment, YoY revenue growth is 17.5% in 2Q21. The relaxation of the SIM tax will have a permanent positive impact on revenues going forward of approximately PKR400m each quarter.

Additional users contributed to an almost 11% expansion in Jazz's **total customer base** YoY to 69.8 million. ARPU increased by 8.1% YoY in 2Q21, following the softness in revenues last year in 2Q20 due to the impact of COVID-19 restrictions. Jazz continues its commercial strategy of focusing on higher quality sales to further improve the customer mix of its subscriber base.

Our leading digital financial services business in Pakistan, JazzCash, experienced another strong quarter for total revenue, which grew 63.2% YoY. JazzCash's user base saw double-digit growth, finishing the quarter with 13.1 million monthly active users (up 61.4% YoY), 82 thousand registered agents (+60.1% YoY), and 74.2 thousand active merchants (7.5 times more YoY). Jazz's self-care app, Jazz World, continued to enjoy strong levels of customer adoption. Its monthly active user base grew by 42.3% YoY, reaching 8.7 million in 2Q21, proving its position as the largest telecom app in Pakistan. Our content services also enjoyed further growth, with the

monthly active user base rising to cumulative 3.7 million, representing YoY growth of 54.8% in 2Q21.

EBITDA increased by 14.5% YoY as a result of revenue growth, partially offset by additional investments in JazzCash. The relaxation of the SIM tax with the associated reversal of provisions had a positive impact of PKR 4.1bn on EBITDA in the quarter.

Capex excluding licenses and leases (operational capex) was PKR 13.7 billion in 2Q21, resulting in capex intensity of 20.4% versus 20.6% in 2Q20. Within this, 4G network investment continued to be the principal focus, the population coverage of which reached 64% during the quarter, compared to 56% in 2Q20.

The ex-Warid license renewal was due in May 2019. Pursuant to the directions from Islamabad High Court, the Pakistan Telecommunication Authority ("PTA") issued a license renewal decision on 22 July 2019 requiring payment of USD 39.5 million per MHz for 900 MHz spectrum and USD 29.5 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately USD 450 million (excluding advance tax of 10%). On 17 August 2019, Jazz appealed the PTA's order to the Islamabad High Court. On 21 August 2019, the Islamabad High Court suspended PTA's order pending the outcome of the appeal and subject to Jazz making payment. In September 2019, May 2020 and May 2021, Jazz deposited approximately USD 225 million, USD 57.5 million and USD 51.5 million, respectively, 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 asset in the statement of financial position. Final arguments were re-heard by the Islamabad High Court on 29 June 2021. The High Court released its final decision on 19 Jul 2021 and dismissed Jazz's appeal. Jazz has appealed the Islamabad High Court's decision to the Supreme Court of Pakistan. A hearing date before the Supreme Court has not yet been fixed.

In 2020, Pakistan revenue and EBITDA were impacted by changes in tax and service charges related to the Supreme Court's "suo moto order" in April 2019 and our subsequent discussions with the PTA. Following a hearing on 25 June 2020, the PTA issued a decision dated 8 October 2020 directing Jazz to refund within 30 days the full amount of service charges levied and collected from 24 April to 12 July 2019. Jazz appealed the PTA's decision to the Islamabad High Court and on 6 November 2020 the High Court restrained recovery of the impugned amounts. The next hearing date before High Court is yet to be fixed. For further background, on the "suo moto order" and the subsequent discussions with the PTA, please see our 3Q20 earnings release dated 29 October 2020

KAZAKHSTAN

Beeline Kazakhstan remained the fastest-growing business in VEON's portfolio in 2Q21, recording a revenue increase of approximately 27% YoY. This growth was underpinned by strong demand for 4G data services. Beeline continued to focus on customer base value management in order to minimize rotational churn and drive customer acquisitions amongst high-value users. Complementing this was an ongoing focus on the delivery of a growing range of digital services.

KZT million	2Q21	2Q20	YoY	1H21	1H20	YoY
Total revenue, incl.	58,855	46,361	26.9%	112,557	92,315	21.9%
EBITDA	30,796	25,325	21.6%	58,474	49,952	17.1%
EBITDA margin	52.3%	54.6%	(2.3pp)	52.0%	54.1%	(2.2pp)
Operational Capex	10,232	11,610	(11.9%)	18,883	21,524	(12.3%)
Capex intensity	21.5%	23.4%	(1.9pp)			
Mobile						
Total revenue	49,157	38,583	27.4%	93,647	77,395	21.0%
Service revenue	47,700	38,336	24.4%	90,677	76,549	18.5%
Data revenue	27,929	19,922	40.2%	52,086	38,557	35.1%
Customers (mln)	9.6	9.4	2.1%			
Data customers (mln)	7.4	6.6	13.0%			
4G Smartphone users (mln)	7.3	6.0	21.2%			
4G users (mln)	5.7	4.2	36.2%			
ARPU (KZT)	1,659	1,341	23.7%			
MOU (min)	334	332	0.6%			
Data usage (GB/user)	12.0	8.5	40.5%			
4G coverage	78.5%	72.2%	6.4pp			
Fixed-line						
Total revenue	9,698	7,778	24.7%	18,910	14,920	26.7%
Service revenue	9,649	7,759	24.4%	18,840	14,875	26.7%
Broadband revenue	4,465	3,579	24.7%	8,638	6,909	25.0%
Broadband customers (mln)	0.5	0.5	11.3%			
Broadband ARPU (KZT)	2,833	2,641	7.3%			

Total revenue grew by 27% YoY, underpinned by mobile service revenue growth of 24% and fixed-line service revenue of 24%. Data revenue grew by 40% YoY and continued to drive the increase in service revenue as Beeline accelerated the growth of its 4G user base (+36% YoY), which accounted for 59% of its total customers in 2Q21. This, in turn, was facilitated through a further expansion of Beeline's 4G network which now reaches 79% of the nation's population. In 2Q21, Beeline Kazakhstan successfully continued execution of its device strategy by increasing sales supported by effective portfolio management, partnerships with banks, and own scoring system based on Big Data to provide loans to customers.

Demand for Beeline's **digital services** remained strong throughout 2Q21. Beeline TV saw its monthly active user base (MAU) increase by 50% YoY due to growth in sales in fixed business and integration of TV offers into mobile bundles. Beeline's MyBeeline self-care app doubled its MAUs YoY, which reached 2.3 million. Beeline's dedicated digital operator and mobile OTT services provider 'Izi' also saw further growth in its customer base, which had risen to approximately 63,000 monthly active users by the end of 2Q21.

We also saw more than a threefold increase YoY in Big Data and AdTech revenue in 2Q21.

In June 2021, Beeline has launched the country's first digital payment card integrated with its mobile financial services offering. Marketed under the 'Simply' brand, Beeline Kazakhstan's digital payment card is a mobile financial service application linked to a customer's phone number, an electronic wallet and a premium digital Visa Platinum card. The card also integrates with digital wallets Apple Pay, Samsung Pay and Garmin Pay.

Throughout the quarter, Beeline continued to focus on broader commercial initiatives to reinforce its customer proposition and market-leading position. Supported by strong 4G customer growth, Beeline's **total customers** increased by 2% YoY in 2Q21, which is a full recovery after lockdown when restrictions in 2Q20 resulted in the partial closure of Beeline stores and reduced customer mobility.

Fixed-line service revenues demonstrated strong growth of 25% YoY, with Beeline's fixed broadband customer base increasing by 11% YoY. The rising popularity of our convergent products contributed to this success, the customer base of which grew to 110k (+49.3% YoY) with approximately 23% of our fixed-line customers now using convergent products.

EBITDA rose by 22% YoY as a result of strong revenue performance and tight cost control measures.

Capex excluding licenses and leases (operational capex) was KZT 10.2 billion and capex intensity was 21.5%. In 2Q21, investments continued to be focused on expanding Beeline's 4G network in order to satisfy the continued rise in high-speed data demand that characterizes this growth market. In addition, Beeline has in place network sharing with other operators in support of the government's rural broadband initiative which aims to bridge the digital divide across the country's rural areas. The initiative is a three-way agreement that paves way for the nation's 250+ digital inclusion program. In 2Q21, in line with the initiative Beeline covered 337 new settlements (492k total inhabitants) with its network, including 4G coverage.

ALGERIA

DZD million	2Q21	2Q20	YoY	1H21	1H20	YoY
Total Revenue	21,800	20,576	5.9%	42,974	42,892	0.2%
EBITDA	9,473	8,237	15.0%	18,512	17,971	3.0%
EBITDA margin	43.5%	40.0%	3.4pp	43.1%	41.9%	1.2pp
Operational Capex	2,405	3,046	(21.0%)	6,761	4,820	40.3%
Capex intensity	16.1%	13.3%	2.8pp			
Mobile						
Total revenue	21,800	20,576	5.9%	42,974	42,892	0.2%
Service revenue	21,724	20,438	6.3%	42,826	42,629	0.5%
Data revenue	9,041	7,964	13.5%	17,606	16,200	8.7%
Customers (mln)	13.9	13.9	(0.1%)			
Data customers (mln)	9.3	9.1	2.9%			
4G Smartphone users (mln)	7.2	6.1	19.2%			
4G users (mln)	6.3	5.2	20.8%			
ARPU (DZD)	515	484	6.3%			
MOU (min)	470	464	1.3%			
Data usage (GB/user)	6.1	4.9	24.3%			
4G coverage	62.0%	43.7%	18.3pp			

In Algeria, despite a resurgence of the COVID-19 pandemic end of 2020 and early 2021 with new curfew measures implemented and their adverse implications on mobility and the economy in general, in 2Q21 we saw a robust YoY growth in service revenue and EBITDA: +6.3% and +15.0% respectively, whereas 1Q21 comparison with previous year is still adversely affected by the pre-COVID revenue trends of 1Q20. This resulted in an overall 1H21 growth in service revenue of +0.5% YoY and a 1.2 p.p. improvement in EBITDA margin, at 43.1% for 1H21. Competition in Algeria remained strong this first half of the new year. Djezzy however maintained its segmented approach in order to keep its position in this challenging environment, notably repositioning itself towards the Algerian youth market with a dedicated digital-centric platform.

BANGLADESH

BDT million	2Q21	2Q20	YoY	1H21	1H20	YoY
Total Revenue	11,843	11,082	6.9%	23,283	22,711	2.5%
EBITDA	4,774	4,592	4.0%	9,472	9,598	(1.3%)
EBITDA margin	40.3%	41.4%	(1.1pp)	40.7%	42.3%	(1.6pp)
Operational Capex	1,319	1,302	1.3%	3,551	5,001	(29.0%)
Capex intensity	20.0%	19.5%	0.5pp			
Mobile						
Total revenue	11,843	11,082	6.9%	23,283	22,711	2.5%
Service revenue	11,620	10,862	7.0%	22,838	22,275	2.5%
Data revenue	3,379	2,937	15.1%	6,371	5,594	13.9%
Customers (mln)	34.4	32.1	7.0%			
Data customers (mln)	21.2	19.5	8.9%			
4G Smartphone users (mln)	10.9	7.2	50.6%			
4G users (mln)	9.9	5.9	68.1%			
ARPU (BDT)	113	110	2.4%			
MOU (min)	220	212	4.0%			
Data usage (GB/user)	3.5	2.4	43.7%			
4G coverage	68.1%	52.4%	15.7pp			

The Bangladesh government imposed a countywide lockdown in April 2021 as the pandemic resurged. Despite these measures, Banglalink recorded YoY growth in revenue as the adjustments we made to the business, including the greater use of digital channels to engage with customers, helped operating performance.

The number of 4G data users reached 9.9 million following 68% YoY growth during the quarter as Banglalink continued to enhance its 4G network. Banglalink has won Ookla's fastest network award for the third consecutive term.

Banglalink's total revenue increased by 6.9% YoY in 2Q21, driven by a rise in data revenue of 15.1% YoY helped in turn by an 8.9% increase in data customers. Banglalink continued to promote the use of digital channels to facilitate top-ups, account management and the adoption of additional services. As a result, the user base of Banglalink's self-care app increased by 93% during 2Q21 compared to 2Q20. Banglalink's video streaming app "Toffee" gained 1.6 million additional active users during 2Q21, resulting in Toffee's monthly active users base reaching 5.0 million with an average watch time 23 minutes increased by 36.9% YoY. EBITDA increased by 4.0% YoY mainly reflecting the rise in revenue growth.

UZBEKISTAN

UZS mln	2Q21	2Q20	YoY	1H21	1H20	YoY
Total Revenue	495,241	479,880	3.2%	968,857	1,001,393	(3.2%)
EBITDA	189,027	201,746	(6.3%)	423,600	443,734	(4.5%)
EBITDA margin	38.2%	42.0%	-3.9pp	43.7%	44.3%	-0.6pp
Operational Capex	33,798	212,176	(84.1%)	161,864	261,088	(38.0%)
Capex intensity	22.0%	17.9%	4.1pp			
Mobile						
Total revenue	492,266	476,521	3.3%	962,647	994,040	(3.2%)
Service revenue	492,148	476,320	3.3%	962,471	991,304	(2.9%)
Data revenue	323,147	253,921	27.3%	624,617	552,014	13.2%
Customers (mln)	6.8	7.1	(4.4%)			
Data customers (mln)	5.1	4.6	11.3%			
4G Smartphone users (mln)	4.0	3.7	7.0%			
4G users (mln)	3.6	2.7	32.3%			
ARPU (UZS)	23,932	21,282	12.5%			
MOU (min)	733	642	14.2%			
Data usage (GB/user)	4.9	3.2	52.9%			
4G coverage	61.0%	34.0%	27pp			

In Uzbekistan, pricing pressure persisted in 2Q21 and COVID-related restrictions, which the market faced during a large part of 2020, continue to have an impact on the business. However, YoY operating comparatives improved during 2Q21 as the business enhanced its resilience to lockdown measures. As a result, Beeline's revenue increased by 3.2% YoY in 2Q21 driven by data revenue increase of 27.3% YoY, while customer base experienced a 4.4% YoY decline, which is together with tax litigation provision for the period 2015-1H21 contributing to a YoY decline in EBITDA of 6.3% YoY for the quarter.

Further improvement to our high-speed data networks continues to be the priority for Beeline Uzbekistan, as increasing mobile data penetration is the key long-term growth driver for the Uzbekistan mobile and data services market.

CONFERENCE CALL INFORMATION

On 31 August 2021, VEON will host a conference call by senior management at 14:00 CEST (13:00 BST), which will be made available through the webcast and over the phone. The call details and slide presentation may be accessed at <http://www.veon.com>.

Webcast

To register for the event and then to access the webcast **[please click here](#)** or copy and paste this link to the address bar of your browser:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=3E1C5692-495D-47D9-BB3B-AD3E7232DCFB&LangLocaleID=1033&GroupID=Onyx>

We strongly encourage you to watch the event through the webcast link, but if you prefer to dial in or want to participate in the Q&A session over the phone, then please use the dial-in details.

Dial-in details

To join the conference call, please use the appropriate participant dial-in number listed below. Enter the event plus passcode stated below and leave any information requested after the tone. You will be joined automatically to the conference.

Netherlands dial-in number:

+31 (0) 207 157 566

Confirmation ID: 4386257

UK and International dial-in number:

+44 (0) 203 009 5709

Confirmation ID: 4386257

United States dial-in number:

+1 646 787 1226

Confirmation ID: 4386257

The conference call replay and the slide presentation webcast will be available for 12 months after the end of the event at the same link as the live webcast. The slide presentation will also be available for download from VEON's website.

CONTACT INFORMATION

INVESTOR RELATIONS

Nik Kershaw

ir@veon.com

DISCLAIMER

This press release contains “forward-looking statements”, as the phrase is defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by words such as “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” and other similar words. Forward-looking statements include statements relating to, among other things, VEON’s plans to implement its strategic priorities, including operating model and development plans, among others; anticipated performance and guidance for 2021, including VEON’s ability to sufficient cash flow; VEON’s assessment of the impact of the COVID-19 pandemic on its current and future operations and financial condition; future market developments and trends; operational and network development and network investment, including expectations regarding the roll-out and benefits of 3G/4G/LTE networks, as applicable; spectrum acquisitions and renewals; the effect of the acquisition of additional spectrum on customer experience; VEON’s ability to realize the acquisition and disposition of any of its businesses and assets and to execute its strategic transactions in the timeframes anticipated, or at all; VEON’s ability to realize financial improvements, including an expected reduction of net pro-forma leverage ratio following the successful completion of certain dispositions and acquisitions; our dividends; and VEON’s ability to realize its targets and commercial initiatives in its various countries of operation. The forward-looking statements included in this press release are based on management’s best assessment of VEON’s strategic and financial position and of future market conditions, trends and other potential developments. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of further unanticipated developments related to the COVID-19 pandemic, such as the effect on consumer spending, that negatively affected VEON’s operations and financial condition; demand for and market acceptance of VEON’s products and services; our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries; continued volatility in the economies in VEON’s markets; including adverse macroeconomic developments related to the COVID-19 outbreak; unforeseen developments from competition; governmental regulation of the telecommunications industries; general political uncertainties in VEON’s markets; government investigations or other regulatory actions; litigation or disputes with third parties or regulatory authorities or other negative developments regarding such parties; the impact of export controls and laws affecting trade and investments on our and important third-party suppliers’ ability to procure goods, software or technology necessary for the services we provide to our customers; risks associated with data protection or cyber security, other risks beyond the parties’ control or a failure to meet expectations regarding various strategic priorities, the effect of foreign currency fluctuations, increased competition in the markets in which VEON operates and the effect of consumer taxes on the purchasing activities of consumers of VEON’s services. Certain other factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in VEON’s Annual Report on Form 20-F for the year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission (the “SEC”) and other public filings made by VEON with the SEC. Other unknown or unpredictable factors also could harm our future results. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Under no circumstances should the inclusion of such forward-looking statements in this press release be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date hereof. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made, or to reflect the occurrence of unanticipated events. Furthermore, elements of this press release contain or may contain, “inside information” as defined under the Market Abuse Regulation (EU) No. 596/2014. All non-IFRS measures disclosed further in this press release (including, without limitation, EBITDA, EBITDA margin, EBT, net debt, Equity Free Cash Flow, local currency growth, operating capital expenditures and LTM (last twelve months) operational capex/revenue) are reconciled to comparable IFRS measures in Attachment C to this earnings release. In addition, we present certain information on a forward-looking basis. We are not able to, without unreasonable efforts, provide a full reconciliation to IFRS due to potentially high variability, complexity and low visibility as to the items that would be excluded from the comparable IFRS measure in the relevant future period, including, but not limited to, depreciation and amortization, impairment loss, loss on disposal of non-current assets, financial income and expenses, foreign currency exchange losses and gains, income tax expense and performance transformation costs, cash and cash equivalents, long - term and short-term deposits, interest accrued related to financial liabilities, other unamortized adjustments to financial liabilities, derivatives, and other financial liabilities.

ABOUT VEON

VEON is a NASDAQ and Euronext Amsterdam-listed global provider of connectivity and digital services, headquartered in Amsterdam. Our vision is to empower customer ambitions through technology, acting as a digital concierge to guide their choices and connect them with resources that match their needs.

For more information visit: <http://www.veon.com>

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For more information on financial and operating data for specific countries, please refer to the supplementary file Factbook2Q2021.xls on VEON's website at <https://www.veon.com/investors/reports-results/reports-results/>.

ATTACHMENT A: DEFINITIONS

ARPU (Average Revenue Per User) 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, MFS 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.

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/HSPA+ technologies.

Capital expenditures (capex) are purchases of new equipment, new construction, upgrades, licenses, software, other long-lived assets and related reasonable costs incurred prior to intended use of the non-current asset, accounted at the earliest event of advance payment or delivery. Long-lived assets acquired in business combinations, are not included in capital expenditures.

Operational capital expenditures (operational capex) calculated as capex, excluding purchases of new spectrum licenses and capitalized leases. **Capex intensity** is a ratio, which is calculated as LTM operational capex divided by LTM revenue.

EBIT or Operating Profit is calculated as EBITDA plus depreciation, amortization and impairment loss. Our management uses EBIT as a supplemental performance measure and believes that it provides useful information of earnings of the Company before making accruals for financial income and expenses and net foreign exchange (loss)/gain and others. Reconciliation of EBIT to net income attributable to VEON Ltd., the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment C below.

EBITDA (called Adjusted EBITDA in the Form 20-F published by VEON) is a non-IFRS financial measure. VEON calculates Adjusted EBITDA as (loss)/profit 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. Our Adjusted EBITDA may be used to evaluate our performance against other telecommunications companies that provide EBITDA. Additionally, a limitation of EBITDA's use as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue or the need to replace capital equipment over time. Reconciliation of EBITDA to net income attributable to VEON Ltd., the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment C below.

EBITDA margin is calculated as EBITDA divided by total revenue, expressed as a percentage.

Gross Debt is calculated as the sum of long-term notional debt and short-term notional debt including capitalized leases.

Equity free cash flow is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, after license payments and lease payments (principal amount); excluding balance movements in Pakistan banking, M&A transactions, inflow/outflow of deposits, financial assets and other one-off items. Reconciliation to the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment C below.

A fixed-mobile convergence customer (FMC customer) is a customer on a one-month Active Broadband Connection subscribing to a converged bundle consisting of at least fixed internet subscription and at least one mobile SIM.

Mobile financial services (MFS) of Digital financial services (DFS) is a variety of innovative services, such as mobile commerce or m-commerce, that use a mobile phone as the primary payment user interface and allow mobile customers to conduct money transfers to pay for items such as goods at an online store, utility payments, fines and state fees, loan repayments, domestic and international remittances, mobile insurance and tickets for air and rail travel, all via their mobile phone.

Mobile customers are generally customers in the registered customer base as at a given measurement date who engaged in a mobile 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 and fixed-mobile convergence ("FMC").

Net debt is a non-IFRS financial measure and is calculated as the sum of interest-bearing long-term debt including capitalized leases and short-term notional debt minus cash and cash equivalents, long-term and short-term deposits. The Company

believes that net debt provides useful information to investors because it shows the amount of notional debt outstanding to be paid after using available cash and cash equivalents and long-term and short-term deposits. Net debt should not be considered in isolation as an alternative to long-term debt and short-term debt, or any other measure of the Company financial position.

Net foreign exchange (loss)/gain and others represents the sum of Net foreign exchange (loss)/gain, VEON's share in net (loss)/gain of associates and Other (expense)/income (primarily (losses)/gains from derivative instruments) and is adjusted for certain non-operating losses and gains mainly represented by litigation provisions.

Net Promoter Score (NPS) is the methodology VEON uses to measure customer satisfaction.

Local currency trends (growth/decline) in revenue and EBITDA are non-IFRS financial measures that reflect changes in Revenue and EBITDA, excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. For other factors please refer to section "non-recurring items that affect year-on-year comparisons".

VEON's reportable segments are the following, which are principally based on business activities in different geographical areas: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan and HQ based on the business activities in different geographical areas.

ATTACHMENT B: CUSTOMERS

million	Mobile					Fixed-line broadband				
	2Q21	1Q21	2Q20	QoQ	YoY	2Q21	1Q21	2Q20	QoQ	YoY
Russia	50.1	50.0	49.8	0.0%	0.6%	2.9	2.9	2.7	0.6%	6.8%
Pakistan	69.8	69.2	62.8	0.8%	11.1%					
Ukraine	25.9	25.7	25.4	0.8%	2.1%	1.2	1.2	1.0	1.1%	11.5%
Algeria	13.9	14.1	13.9	(1.3%)	(0.1%)					
Bangladesh	34.4	34.3	32.1	0.3%	7.0%					
Kazakhstan	9.6	9.5	9.4	1.7%	2.1%	0.5	0.5	0.5	1.7%	11.3%
Uzbekistan	6.8	6.8	7.1	0.1%	(4.4%)					
Other	3.2	3.1	3.1	(20.9%)	1.5%					
Total	213.7	212.7	203.7	0.4%	4.9%	4.6	4.5	4.2	0.9%	8.5%

Note: Other and Total for 2Q20 exclude mobile and fixed-line customers of Armenia. On 29 October 2020, VEON announced the sale of CJSC "VEON Armenia", VEON's operating subsidiary in Armenia. Armenia results were deconsolidated from VEON Group numbers starting from 4Q20.

ATTACHMENT C: RECONCILIATION TABLES

RECONCILIATION OF CONSOLIDATED EBITDA

USD mln	2Q21	2Q20	1H21	1H20
Unaudited				
EBITDA	879	809	1,754	1,729
Depreciation	(421)	(389)	(837)	(804)
Amortization	(81)	(86)	(153)	(178)
Impairment loss	(3)	(1)	(9)	(1)
Loss on disposals of non-current assets	(0)	(6)	(4)	(12)
Operating profit	374	327	752	734
Financial Income and Expenses	(161)	(178)	(324)	(376)
- including finance income	3	6	5	15
- including finance costs	(164)	(184)	(330)	(391)
Net foreign exchange (loss)/gain and others	3	93	18	80
- including other non-operating (losses)/gains	2	86	7	101
- including net foreign exchange gain	0	7	11	(21)
Profit before tax	216	243	445	438
Income tax expense	(88)	(68)	(180)	(144)
Profit/(Loss) for the period	127	175	265	294
of which profit/(loss) attributable to non-controlling interest	(27)	(19)	(35)	(30)
of which profit/(loss) attributable to VEON shareholders	101	156	230	264

RECONCILIATION OF CAPEX

USD mln unaudited	2Q21	2Q20	1H21	1H20
Operational Capex	505	492	929	860
Adding back purchase of licenses	85	5	118	39
Difference in timing between accrual and payment for capital expenditures	(115)	(53)	(1)	(7)
Cash paid for purchase of property, plant and equipment and intangible assets	475	444	1,047	893

RECONCILIATION OF ORGANIC AND REPORTED GROWTH RATES

2Q21 compared to 2Q20						
	Total Revenue			EBITDA		
	Local currency	Forex, Armenia sale and Other	Reported	Local currency	Forex, Armenia sale and Other	Reported
Russia	6.2%	(2.7%)	3.5%	2.2%	(2.8%)	(0.6%)
Pakistan	21.5%	7.1%	28.6%	14.5%	6.8%	21.3%
Ukraine	18.1%	(2.9%)	15.2%	17.4%	(2.9%)	14.5%
Algeria	5.9%	(4.0%)	1.9%	15.0%	(4.4%)	10.6%
Bangladesh	6.9%	0.2%	7.1%	4.0%	0.2%	4.2%
Kazakhstan	26.9%	(3.3%)	23.7%	21.6%	(3.3%)	18.3%
Uzbekistan	3.2%	(4.9%)	(1.7%)	(6.3%)	(4.3%)	(10.6%)
Total	11.3%	(2.1%)	9.2%	10.7%	(2.1%)	8.7%

RECONCILIATION OF VEON CONSOLIDATED NET DEBT

USD mln	30 June 2021	31 March 2021	31 December 2020
Net debt	8,511	8,325	7,987
Cash and cash equivalents*	1,192	1,193	1,594
Long - term and short-term deposits	1	1	1
Gross debt	9,703	9,519	9,582
Interest accrued related to financial liabilities	83	108	92
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(9)	(17)	(5)
Derivatives not designated as hedges	16	0	273
Derivatives designated as hedges	13	33	53
Other financial liabilities	1	44	60
Total financial liabilities	9,808	9,687	10,056

* Cash and cash equivalents include an amount of US\$106 relating to banking operations in Pakistan

RECONCILIATION OF EQUITY FREE CASH FLOW

USD million	2Q21	2Q20	YoY
EBITDA	879	809	8.7%
Movements in Working Capital and other	(38)	(69)	45.4%
Movements in provisions	(1)	16	n.m.
Interest paid, incl.	(174)	(179)	3.2%
Interest paid	(136)	(144)	5.4%
Lease Liabilities - Interest Component	(37)	(35)	(5.8%)
Interest received	3	7	(51.9%)
Net Tax Paid	(67)	(102)	34.4%
Cash Flow from Operating Activities	602	480	25.5%
Purchase of property, plant and equipment and intangible assets, incl.	(475)	(444)	(6.9%)
Operational Capex	(505)	(492)	(2.5%)
Licenses payments	(12)	(7)	(67.9%)
Working capital part related to Capex excl licenses	41	55	24.5%
Inflows/(outflows) from deposits	(54)	(78)	30.6%
Receipts from / (investment in) financial assets	(17)	(19)	12.3%
Other proceeds from investing activities, net	(8)	3	n.m.
Cash Flow from Investing Activities	(554)	(538)	(2.9%)
Lease Payments - Principal amount	(89)	(74)	(19.8%)
Excl. M&A transactions, inflow/outflow of deposits, financial assets and other one-off items	9	97	(91.0%)
Excl. balances movements in Pakistan banking	21	(0)	n.m.
Non-cash reclassification related to MMBL deposits	75		
Equity Free Cash Flow after licenses and lease payments	63	(36)	n.m.

EBITDA RECONCILIATION ON COUNTRY LEVEL

2Q 2021

	Russia	Pakistan	Ukraine	Algeria	Bangladesh	Kazakhstan	Uzbekistan	Other	HQ and eliminations	VEON Consolidated
USD mln										
EBITDA	355	161	173	71	56	72	18	18	(45)	879
Less										
Depreciation	(240)	(50)	(28)	(47)	(32)	(18)	(8)	(5)	6	(421)
Amortization	(28)	(10)	(13)	(6)	(14)	(8)	(1)	(1)	0	(81)
Impairment loss	2	-	(1)	-	(1)	(0)	-	(1)	(3)	(3)
Loss on disposals of non-current assets	(2)	(0)	4	0	0	(0)	(1)	0	(0)	(0)
Gains/(losses) on sale of investments in subsidiaries	-	-	-	-	-	-	-	-	-	-
Operating profit	87	100	135	18	10	46	9	10	(41)	374

ATTACHMENT D: RATES OF FUNCTIONAL CURRENCIES TO USD

	Average rates			Closing rates		
	2Q21	2Q20	YoY	2Q21	2Q20	YoY
Russian Ruble	74.22	72.36	(2.6%)	72.37	69.95	(3.5%)
Algerian Dinar	133.37	128.30	(4.0%)	134.44	129.11	(4.1%)
Pakistan Rupee	154.32	163.54	5.6%	157.75	167.89	6.0%
Bangladeshi Taka	84.75	84.93	0.2%	84.81	84.93	0.1%
Ukrainian Hryvnia	27.59	26.91	(2.5%)	27.18	26.69	(1.8%)
Kazakh Tenge	428.41	418.17	(2.4%)	427.79	403.83	(5.9%)
Uzbekistan Som	10,542.63	10,050.86	(4.9%)	10,605.30	10,173.38	(4.2%)
Armenian Dram	520.18	484.54	(7.4%)	495.86	482.36	(2.8%)
Kyrgyz Som	84.54	77.34	(9.3%)	84.66	75.99	(11.4%)
Georgian Lari	3.33	3.14	(6.0%)	3.16	3.06	(3.4%)



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on, and should be read in conjunction with, our unaudited interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2021 and 2020, and the related notes, attached hereto.

References to "VEON" as well as references to "our company," "the company," "our group," "the group," "we," "us," "our" and similar pronouns, are references to VEON Ltd. an exempted company limited by shares registered in Bermuda, and its consolidated subsidiaries. References to VEON Ltd. are to VEON Ltd. alone. The unaudited interim condensed consolidated financial statements as of June 30, 2021 and for the six-month period ended June 30, 2021 and 2020 attached hereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and are presented in U.S. dollars. VEON Ltd. adopted IFRS as of January 1, 2009.

The discussion of our business and the telecommunications industry included herein contains references to certain terms specific to our business, including numerous technical and industry terms. Such terms are defined in Exhibit 99.1 to our Annual Report on Form 20-F for the year ended December 31, 2020 (our "2020 Annual Report"). For a comprehensive discussion of our critical accounting estimates and assumptions, please refer to Note 24 to our audited consolidated financial statements included in our 2020 Annual Report.

Certain amounts and percentages that appear in this document have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including in tables, may not be exact arithmetic aggregations of the figures that precede or follow them.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains estimates and forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. All statements other than statements of historical fact are forward-looking statements. The words "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible" and similar words are intended to identify estimates and forward-looking statements. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in this document, may adversely affect our results as indicated in forward-looking statements. You should read this document completely and with the understanding that our actual future results may be materially different and worse from what we expect.

Our estimates and forward-looking statements may be influenced by various factors, including without limitation:

- our ability to implement and execute our strategic priorities successfully and to achieve the expected benefits from our existing and future transactions;
- our assessment of the impact of the COVID-19 pandemic on our operations and financial condition;
- our targets and strategic initiatives in the various countries in which we operate;
- our ability to develop new revenue streams and achieve portfolio and asset optimizations, improve customer experience and optimize our capital structure;
- our ability to generate sufficient cash flow to meet our debt service obligations, our expectations regarding working capital and the repayment of our debt and our projected capital requirements;
- our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries;
- our expectations regarding our capital and operational expenditures in and after 2021;
- our goals regarding value, experience and service for our customers, as well as our ability to retain and attract customers and to maintain and expand our market share positions;
- our plans to develop, provide and expand our products and services, including operational and network development, optimization and investment, such as expectations regarding the expansion or roll-out and benefits of 3G, 4G/LTE and 5G networks or other networks, broadband services and integrated products and services, such as fixed-mobile convergence;



- our expectations as to pricing for our products and services in the future, improving our ARPU and our future costs and operating results;
- our ability to meet license requirements, to obtain, maintain, renew or extend licenses, frequency allocations and frequency channels and to obtain related regulatory approvals;
- our plans regarding marketing and distribution of our products and services, including customer loyalty programs;
- our expectations regarding our competitive strengths, customer demands, market trends and future developments in the industry and markets in which we operate;
- our expectations regarding management changes; and
- other statements regarding matters that are not historical facts.

These statements are management's best assessment of our strategic and financial position and of future market conditions, trends and other potential developments. While they are based on sources believed to be reliable and on our management's current knowledge and best belief, they are merely estimates or predictions and cannot be relied upon. We cannot assure you that future results will be achieved. The risks and uncertainties that may cause our actual results to differ materially from the results indicated, expressed or implied in the forward-looking statements used in this document include, without limitation:

- risks relating to changes in political, economic and social conditions in each of the countries in which we operate and where laws are applicable to us (including as a result of armed conflict) such as any harm, reputational or otherwise, that may arise due to changing social norms, our business involvement in a particular jurisdiction or an otherwise unforeseen development in science or technology;
- risks associated with developments related to the COVID-19 pandemic that negatively affect our operations and financial condition, including further lockdown restrictions, changes in customer behavior and adverse macroeconomic developments in our countries of operations;
- in each of the countries in which we operate and where laws are applicable to us, risks relating to legislation, regulation, taxation and currency, including costs of compliance, currency and exchange controls, currency fluctuations, and abrupt changes to laws, regulations, decrees and decisions governing the telecommunications industry and the taxation thereof, laws on foreign investment, anti-corruption and anti-terror laws, economic sanctions, data privacy, anti-money laundering, antitrust, national security and legal interception and their official interpretation by governmental and other regulatory bodies and courts;
- risks relating to the fact that we operate in countries which pose elevated risks of corruption and are subject to a number of anti-corruption laws, and that, as previously disclosed, we entered into a Deferred Prosecution Agreement ("DPA") with the U.S. Department of Justice ("DOJ") under which, from time to time, we have undertaken remedial activities in response to identified instances of non-compliance with our policies and procedures and internal controls, and we have provided, and may in the future provide, updates on certain internal investigations related to potential misconduct to the U.S. authorities including instances of non-compliance that may implicate anti-fraud, corrupt payments, books and records, reporting and internal control provisions of the federal securities laws and related U.S. Securities and Exchange Commission (the "SEC") rules; we cannot guarantee that these remedial activities or other efforts to enforce our policies, procedures and controls have been or will be successful; if the matters that we have identified to U.S. authorities, or other matters relating to non-compliance with our policies, procedures and internal controls, are deemed to constitute a failure to comply with the terms of the DPA or a failure to comply with the injunction against future violations, we could face criminal prosecution by the DOJ or be subject to SEC enforcement action; in the event that any of these matters lead to governmental investigations or proceedings, it could subject us to penalties and other costs and have a material adverse impact on our business, financial condition, reputation, results of operations, cash flows or prospects or result in criminal or civil penalties;
- risks relating to financial reporting requirements under, or changes in, accounting standards and regulatory reviews, including from accounting standard-setting bodies such as the International Accounting Standards Board ("IASB"), the SEC and the Dutch Authority for the Financial Markets (the "AFM"), that could result in changes to accounting regulations that govern the preparation and presentation of our financial statements; in the event of any such change in accounting standards or interpretation thereof, or unfavorable regulatory review relating to our financial reporting, we may be required to restate or make other changes to our previously issued financial statements and such circumstances may involve the identification of one or more significant deficiencies or potentially even material weaknesses in our internal control over financial reporting – for example, we are currently engaged in a comment letter process with the AFM regarding our financial statements as of and for the six and three-month periods ended June 30, 2020 in which the AFM has indicated that our goodwill impairment tests may have been applied incorrectly and an additional goodwill impairment charge may be necessary, and the outcome of this process could require us to restate previously issued financial statements and may result in other adverse consequences including a potential significant deficiency or material weakness in our internal control over financial reporting and a potential adverse effect on our net profit (i.e., potential non-cash adjustment);



- risks related to the impact of export controls, sanctions, international trade regulation, customs and technology regulation on our and important third-party suppliers' ability to procure goods, software or technology necessary for the services we provide to our customers, particularly on the production and delivery of supplies, support services, software, and equipment that we source from these suppliers - for example, in April 2018, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") issued an Export Administration Regulation ("EAR") Denial Order to ZTE Corporation ("ZTE") which prohibited, among other things, exports, re-exports and in-country transfers of goods, software and technology (collectively, "Items"), each of which could have led to service degradation and disruptions in certain markets, and in May and August 2019, and August 2020, BIS added Huawei Technologies Company Ltd. and 152 of its affiliates (collectively, "Huawei") to its "Entity List", prohibiting companies globally from directly or indirectly exporting, re-exporting or in-country transferring all Items subject to the EAR to Huawei and procuring Items from Huawei when they have reason to know that the Items were originally procured by Huawei in violation of U.S. law;
- risks relating to a failure to meet expectations regarding various strategic initiatives, including, but not limited to, changes to our portfolio;
- risks associated with our mobile financial services and digital financial services, including vulnerability to system breaches, credit and regulatory risks, and potential exposure to fraud, money laundering, or illegal customer behavior;
- risks related to solvency and other cash flow issues, including our ability to raise the necessary additional capital and incur additional indebtedness, the ability of our subsidiaries to make dividend payments, our ability to develop additional sources of revenue and unforeseen disruptions in our revenue streams;
- risks that the adjudications by the various regulatory agencies or other parties with whom we are involved in legal challenges, tax disputes or appeals may not result in a final resolution in our favor or that we are unsuccessful in our defense of material litigation claims or are unable to settle such claims;
- risks relating to our company and its operations in each of the countries in which we operate and where laws are applicable to us, including demand for and market acceptance of our products and services, regulatory uncertainty regarding our licenses, frequency allocations and numbering capacity, constraints on our spectrum capacity, availability of line capacity, intellectual property rights protection, labor issues, interconnection agreements, equipment failures and competitive product and pricing pressures;
- risks related to developments from competition, unforeseen or otherwise, in each of the countries in which we operate and where laws are applicable to us including our ability to keep pace with technological change and evolving industry standards;
- risks related to the activities of our strategic shareholders, lenders, employees, joint venture partners, representatives, agents, suppliers, customers and other third parties;
- risks associated with our existing and future transactions, including with respect to realizing the expected synergies of closed transactions, satisfying closing conditions for new transactions, obtaining regulatory approvals and implementing remedies;
- risks associated with data protection, cyber-attacks or systems and network disruptions, or the perception of such attacks or failures in each of the countries in which we operate, including the costs associated with such events and the reputational harm that could arise therefrom;
- risks related to the ownership of our American Depositary Receipts, including those associated with VEON Ltd.'s status as a Bermuda company and a foreign private issuer; and
- other risks and uncertainties, including those set forth in Item 3 - Key Information — D. Risk Factors in our 2020 Annual Report.

These factors and the other risk factors described in our 2020 Annual Report are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our future results. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Under no circumstances should the inclusion of such forward-looking statements in this document be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements included in this document are made only as of the date of the filing of this document. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation



to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should refer to our periodic and current reports filed or furnished, as applicable, with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.



OVERVIEW

VEON is a leading global provider of connectivity and internet services. Present in some of the world's most dynamic markets, VEON provides more than 213 million customers with voice, fixed broadband, data and digital services. VEON currently offers services to customers in 9 countries: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan, Kyrgyzstan and Georgia. We provide services under the "Beeline," "Kyivstar," "banglalink," "Jazz" and "Djezzy" brands.

BASIS OF PRESENTATION OF FINANCIAL RESULTS

Our unaudited interim condensed consolidated financial statements attached hereto have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2020.

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 June 30, 2021, our reportable segments consist of the following seven segments: Russia, representing our "cornerstone" market; Pakistan, Ukraine, Kazakhstan and Uzbekistan, representing our "growth engines"; and Algeria and Bangladesh, representing our "frontier markets".

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

For further details please see [Note 2](#) to our unaudited interim condensed consolidated financial statements attached hereto.



KEY DEVELOPMENTS DURING THE FIRST HALF OF 2021

VEON completes the acquisition of majority shareholding in OTM

In June 2021, VEON successfully acquired a majority stake in OTM, a technology platform for automating and planning online advertising purchases in Russia. VEON's investments in OTM will significantly strengthen Beeline's position in the advertising technology market and enable VEON to expand OTM's operations into other markets served by VEON's mobile operators. The acquisition builds on VEON's ongoing transformation into a digital operator.

Beeline Kazakhstan first to issue digital payment card in Kazakhstan

In June 2021, Beeline Kazakhstan launched the country's first digital payment card integrated with its mobile financial services offering under the "Simply" brand. Simply is linked to a customer's phone number, an electronic wallet and a premium digital Visa Platinum card and integrates with digital wallets such as Apple Pay, Samsung Pay and Garmin Pay.

JazzCash launched new app for business owners

In May 2021, Pakistan's pioneering digital financial services provider JazzCash successfully launched an app for its expanding merchant base, which accounts over 100,000 registered users.

The JazzCash Business App aims to make digital payments more efficient and seamless for business owners, company managers and home businesses. The app includes advanced business-related tools, including the ability to generate a QR code for specific amounts in real time and to send customisable digital invoices to customers, as well as to monitor sales and transactions and to conduct salary disbursements and supplier payments with ease.

Kyivstar's Smart Money received 'Best Fintech Service'

In May 2021, Kyivstar received the Best Fintech Service award for its innovating financial service application, Smart Money, at the Leaders in Fintech and Digital Banking Awards 2021 in Ukraine.

Kyivstar's Smart Money app allows users to make thousands of day-to-day payments, such as for public transport, utility bills and TV services via their mobile phone, without having to pay commission or linking to a bank card. Smart Money gives customers the ability to pay for over 3,000 services and is regularly used by more than 1.2 million Kyivstar customers.

Shareholders trading on NASDAQ no longer subject to annual depository fee

From January 1, 2021, holders of VEON American Depositary Shares ("ADSs") trading on NASDAQ will no longer be subject to any cash dividend fee or depository service fee of any kind. ADS holders will continue to be subject to the normal issuance and cancellation fees.

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

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

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

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

Appointment of CEO of Beeline Uzbekistan

In March 2021, Andrzej Malinowski was appointed to the vacant position of CEO of Beeline Uzbekistan. Mr. Malinowski joined from Beeline Georgia, where he held the position of CEO. Lasha Tabidze was appointed as Mr. Malinowski's successor at Beeline Georgia, where he previously held the joint position of Chief Operating Officer and Chief Commercial Officer.



VEON completes the acquisition of minority shareholding in PMCL

In March 2021, VEON successfully concluded the acquisition of the 15% minority stake in Pakistan Mobile Communications Limited ("PMCL"), the operating company of Pakistan's leading mobile operator, Jazz, from the Dhabi Group for USD 273 million.

This transaction follows the Dhabi Group's exercise of its put option announced on 28 September 2020 and gives VEON 100% ownership of PMCL. This simplifies and streamlines the Group's governance over its Pakistani assets and enables VEON to capture the full value of this growing business, including future dividends paid by PMCL.

Leadership changes

In April 2021, VEON announced changes to its leadership structure. Co-CEO Sergi Herrero, who joined the company in September 2019, stepped down as co-CEO effective June 30, 2021. Kaan Terzioglu continues in his role as CEO of VEON Ltd. with overall responsibility for corporate matters and the general operations of the group.

Also in April 2021, VEON announced the appointment of two new members of the Group's leadership team. Alex Bolis joined VEON as Group Head of Corporate Strategy, Communications and Investor Relations while Dmitry Shvets joined as Group Head of Portfolio and Performance Management, a new role that includes oversight of VEON's Performance Management and M&A teams. Mr. Bolis joined VEON on April 1, 2021 and Mr. Shvets on April 15, 2021. Both executives report to VEON Group CEO Kaan Terzioglu.

Board of Director changes

In June 2021, VEON Ltd. announced the results of the elections conducted at its Annual General Meeting of Shareholders. Shareholders elected three new members to the Company's Board of Directors: Vasily Sidorov, Irene Shvakman and Sergi Herrero, who previously served as co-CEO of VEON. Shareholders also elected nine previously serving directors: Hans-Holger Albrecht, Leonid Boguslavsky, Mikhail Fridman, Gennady Gazin, Yaroslav Glazunov, Andrei Gusev, Gunnar Holt, Stephen Pusey and Robert Jan van de Kraats.

In July 2021, VEON announced that Stephen Pusey decided to step down from its Board of Directors.

Other financing activities

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

In April 2021, the proceeds from the new tranche of Alfa Bank were used for the early repayment of RUB 15 billion loans from Sberbank, originally maturing in June 2023.

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

Recent developments

VEON announced the exercise of its put option to sell its stake in Djazzy

On July 1, 2021, VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnium Telecom Algérie SpA to the Algerian National Investment Fund, Fonds National d'Investissement (FNI). Omnium owns Algerian mobile network operator, Djazzy. The exercise of the option initiates a process under which a third-party valuation is undertaken to determine the fair market value at which the transfer shall take place. This important step will further streamline VEON's operations, allowing for an improved focus on our core markets.

Ongoing comment letter process with the AFM

On 7 July 2021, we received a letter from the AFM asserting that the goodwill impairment tests for the cash-generating units in Russia and Algeria had not been applied correctly in the first half of 2020 because our goodwill impairment tests did not take into account all aspects that market participants would take into account in determining the fair value less cost of disposal. The AFM has asserted that they do not agree with our assumptions regarding the discount rate and projected cash flows used in our discounted cash flow model.

The AFM comment process began in November 2020, when we received an initial comment letter from the AFM seeking additional information regarding our goodwill impairment testing performed in the first half of 2020 as disclosed in the 2020 Interim Financial Report. We responded to this initial request from the AFM in December 2020, and, during the first half of 2021, we responded to additional information requests from the AFM and met several times with the AFM to discuss our goodwill impairment testing. We continue to believe that our goodwill impairment tests were performed correctly and that no re-



performance of the past impairment tests is necessary, as we informed the AFM on 6 August 2021. However, we can provide no assurance as to the outcome of this comment letter process.

As of the date of this report, the AFM's comments remain unresolved. Until these comments are resolved, we cannot determine if we will be required to take an additional goodwill impairment charge or restate or make other changes to our previously issued financial statements. If we are required to take an additional goodwill impairment charge or restate or make other changes to our previously issued financial statements, such circumstances may involve the identification of one or more significant deficiencies or potentially even material weaknesses in our internal control over financial reporting, which could have a potential adverse effect on our net profit (i.e., potential non-cash adjustment).



RESULTS OF OPERATIONS

FINANCIAL PERFORMANCE FOR SIX MONTHS ENDED JUNE 30, 2021

	Six-month period	
	2021	2020
<i>(In millions of U.S. dollars)</i>		
Service revenues	3,780	3,773
Sale of equipment and accessories	211	160
Other revenue	63	55
Total operating revenues	4,054	3,988
Other operating income	1	2
Service costs	(768)	(746)
Cost of equipment and accessories	(208)	(163)
Selling, general and administrative expenses	(1,324)	(1,352)
Depreciation	(837)	(804)
Amortization	(153)	(178)
Impairment (loss) / reversal	(9)	(1)
Gain / (loss) on disposal of non-current assets	(4)	(12)
Operating profit	752	734
Finance costs	(330)	(391)
Finance income	5	15
Other non-operating gain / (loss)	7	101
Net foreign exchange gain / (loss)	11	(21)
Profit / (loss) before tax	445	438
Income tax expense	(180)	(144)
Profit / (loss) for the period	265	294
Attributable to:		
The owners of the parent	230	264
Non-controlling interest	35	30
	265	294



TOTAL OPERATING REVENUE

Our consolidated total operating revenue increased by 1.65% year-on-year, primarily due to underlying growth in local currency terms in mobile services, data and fixed line revenue in Pakistan, Ukraine, Kazakhstan and Bangladesh. Russia also saw a local currency growth in mobile data and fixed line revenue. The overall underlying growth was offset by the devaluation of currencies in the countries in which we operate.

	Six-month period ended June 30,	
	2021	2020
<i>(In millions of U.S. dollars)</i>		
<u>Our cornerstone</u>		
Russia	1,859	1,927
<u>Our growth engines</u>		
Pakistan	718	604
Ukraine	501	461
Kazakhstan	265	230
Uzbekistan	91	102
<u>Our frontier markets</u>		
Algeria	322	345
Bangladesh	275	267
Other frontier markets	37	69
<u>Other</u>		
HQ and eliminations	(14)	(17)
Total segments	4,054	3,988

OPERATING PROFIT

Our consolidated operating profit increased to US\$752 million in the six months ended June 30, 2021 compared to US\$734 million in the six months ended June 30, 2020, primarily due to growth in revenues as discussed above in addition to reduced selling, general and administrative costs.



NON-OPERATING PROFITS AND LOSSES

Finance costs

Our finance costs decreased to US\$330 million in the six months ended June 30, 2021 compared to US\$391 million in the six months ended June 30, 2020 primarily due to lower interest charges on loans owing to lower cost of debt in almost all currencies.

Finance income

Our consolidated finance income decreased to US\$5 million in the six months ended June 30, 2021 compared to US\$15 million in the six months ended June 30, 2020 primarily due lower cash and short-term deposit balances.

Other non-operating gain

Other non-operating gain in the six months ended June 30, 2021 was US\$7 million as compared to US\$101 million in the six months ended June 30, 2020. The decrease is mainly associated with revaluation of a contingent consideration liability and recognition of a gain upon reaching a settlement in connection with the dispute concerning the sale of Telecel Globe Limited in the second quarter of 2020.

Net foreign exchange gain

During the six months ended June 30, 2021, we recognized a net foreign exchange gain of US\$11 million compared to a loss of US\$21 million during the six months ended June 30, 2020. This year-on-year change is primarily due to stabilization of the Pakistani Rupee that was partially offset by the devaluation of other currencies during Q1 2021 as compared to the previous year.

INCOME TAX EXPENSE

Our consolidated income tax expense increased by 25% to US\$180 million in the six months ended June 30, 2021 compared to US\$144 million in the six months ended June 30, 2020 mainly due to higher profit before tax.

For more information regarding income tax expenses, please refer to [Note 3](#) of our unaudited interim condensed consolidated financial statements attached hereto.

PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT FROM CONTINUING OPERATIONS

Our profit / (loss) for the period attributable to the owners of the parent from continuing operations for the six months ended June 30, 2021 decreased to US\$230 million as compared to US\$264 million for the same period last year.

PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTEREST

Profit / (loss) for the period attributable to non-controlling interest six months ended June 30, 2021 was US\$35 million as compared to US\$30 million for the same period last year.



ADJUSTED EBITDA

	Six-month period ended June 30,	
	2021	2020
<i>In millions of U.S. dollars</i>		
<u>Our cornerstone</u>		
Russia	715	784
<u>Our growth engines</u>		
Pakistan	317	280
Ukraine	340	313
Kazakhstan	138	124
Uzbekistan	40	45
<u>Our frontier markets</u>		
Algeria	139	145
Bangladesh	112	113
Other frontier markets	24	25
<u>Other</u>		
HQ and eliminations	(70)	(100)
Total segments	1,755	1,729

Our consolidated Adjusted EBITDA increased by 2% year-on-year, primarily due to higher revenues as discussed above in addition to lower selling, general and administrative expenses.

The following table provides the reconciliation of Profit / (loss) before tax to Total Adjusted EBITDA for the six-month period ended June 30:

	Six-month period ended June 30,	
	2021	2020
<i>In millions of U.S. dollars</i>		
Profit / (loss) before tax	445	438
<i>Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA</i>		
Depreciation	837	804
Amortization	153	178
Impairment loss / (reversal)	9	1
(Gain) / loss on disposal of non-current assets	4	12
(Gain) / loss on disposal of subsidiaries	—	—
Finance costs	330	391
Finance income	(5)	(15)
Other non-operating (gain) / loss	(7)	(101)
Net foreign exchange (gain) / loss	(11)	21
Total Adjusted EBITDA	1,755	1,729



RESULT OF REPORTABLE SEGMENTS

RUSSIA

RESULTS OF OPERATIONS IN US\$

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of U.S. dollars (except as indicated)</i>			
Total operating revenue	1,859	1,927	-4 %
Mobile service revenue	1,395	1,506	-7 %
- of which mobile data	457	471	-3 %
Fixed-line service revenue	266	265	0 %
Sales of equipment, accessories and other	198	156	27 %
Operating Expenses	1,144	1,145	0 %
Adjusted EBITDA	715	784	-9 %
Adjusted EBITDA margin	38.5 %	40.7 %	-2pp

RESULTS OF OPERATIONS IN RUB

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of RUB (except as indicated)</i>			
Total operating revenue	137,999	132,971	4 %
Mobile service revenue	103,565	103,942	0 %
- of which mobile data	33,955	32,499	4 %
Fixed-line service revenue	19,730	18,332	8 %
Sales of equipment, accessories and other	14,704	10,697	37 %
Operating Expenses	84,949	79,179	7 %
Adjusted EBITDA	53,129	53,917	-1 %
Adjusted EBITDA margin	38.5 %	40.5 %	-2pp

SELECTED PERFORMANCE INDICATORS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
Mobile			
Customers in millions	50.1	49.8	1%
Mobile data customers in millions	33.9	31.5	8%
ARPU in US\$	4.6	4.8	-4%
ARPU in RUB	344.0	331.0	4%

TOTAL OPERATING REVENUE

Our total operating revenue in Russia decreased by 4% (USD terms) and increased by 4% (local currency terms) year-on-year. The local currency growth is attributable to continued growth in fixed-line service revenue as well as improvement in mobile data revenue and devices sales. A deterioration of the local currency led to a decrease in revenue in USD terms despite an increase in local currency terms.

ADJUSTED EBITDA

Our Russia Adjusted EBITDA reduced by 9% (USD terms) and by 1% (local currency terms) year-on-year in the six-month period ended June 30, 2021 compared to the six-month period ended June 30, 2020, mainly due to an increase in operating expenses which was partially offset by the growth in revenue as stated above. The deterioration of local currency led to the decrease in EBITDA in USD terms.



SELECTED PERFORMANCE INDICATORS

As of June 30, 2020, we had 50.1 million mobile customers in Russia, representing an increase of 1% year-on-year. This is mainly due to growth in mobile data customers that grew by 8% year-on-year.

Our mobile ARPU in Russia decreased by 4% (USD terms) and increased by 4% (local currency terms) in the six-month period ended June 30, 2021. The local currency growth is mainly associated with an increase in mobile data revenue.

PAKISTAN

RESULTS OF OPERATIONS IN US\$

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of U.S. dollars (except as indicated)</i>			
Total operating revenue	718	604	19 %
Mobile service revenue	658	559	18 %
- of which mobile data	265	200	33 %
Sales of equipment, accessories and other	60	45	33 %
Operating expenses	400	325	23 %
Adjusted EBITDA	317	280	13 %
Adjusted EBITDA margin	44.2 %	46.3 %	-2pp

RESULTS OF OPERATIONS IN PKR

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of PKR (except as indicated)</i>			
Total operating revenue	112,214	96,336	16 %
Mobile service revenue	102,890	89,145	15 %
- of which mobile data	41,398	31,906	30 %
Sales of equipment, accessories and other	9,324	7,191	30 %
Operating expenses	62,666	51,778	21 %
Adjusted EBITDA	49,548	44,558	11 %
Adjusted EBITDA margin	44.2 %	46.3 %	-2pp

SELECTED

PERFORMANCE

INDICATORS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
Mobile			
Customers in millions	69.8	62.8	11%
Mobile data customers in millions	48.4	41.0	18%
ARPU in US\$	1.6	1.5	7%
ARPU in PKR	250.0	240.0	4%

TOTAL OPERATING REVENUE

Our Pakistan total operating revenue increased by 19% (USD terms) and by 16% (local currency terms) year-on-year. This was primarily due to mobile services and data revenues as a result of continuing growth in 4G penetration, higher customer base and stronger uptake of digital services.

ADJUSTED EBITDA

Our Pakistan Adjusted EBITDA increased by 13% (USD terms) and by 11% (local currency terms) year-on-year. This was primarily due to higher revenues as stated above, partially offset by the increase in structural operating expenses when compared with the same period last year.



SELECTED PERFORMANCE INDICATORS

As of June 30, 2021, we had 69.8 million customers in Pakistan, representing an increase of 11% year-on-year with growth primarily in mobile data customers owing to continuous penetration in the 4G network.

Our mobile ARPU in Pakistan increased by 7% (USD terms) and by 4% (local currency terms) year-on-year. The increase is primarily due to growth in mobile data revenue.

UKRAINE

RESULTS OF OPERATIONS IN US\$

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of U.S. dollars (except as indicated)</i>			
Total operating revenue	501	461	9 %
Mobile service revenue	466	429	9 %
- of which mobile data	280	237	18 %
Fixed-line service revenue	33	30	10 %
Sales of equipment, accessories and other	2	2	0 %
Operating expenses	162	148	9 %
Adjusted EBITDA	340	313	9 %
Adjusted EBITDA margin	67.7 %	67.8 %	—pp

RESULTS OF OPERATIONS IN UAH

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of UAH (except as indicated)</i>			
Total operating revenue	13,936	11,960	17 %
Mobile service revenue	12,954	11,123	16 %
- of which mobile data	7,783	6,153	26 %
Fixed-line service revenue	914	773	18 %
Sales of equipment, accessories and other	68	63	8 %
Operating expenses	4,496	3,844	17 %
Adjusted EBITDA	9,441	8,116	16 %
Adjusted EBITDA margin	67.7 %	67.9 %	—pp

SELECTED PERFORMANCE INDICATORS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
Mobile			
Customers in millions	25.9	25.4	2%
Mobile data customers in millions	17.4	15.9	9%
ARPU in US\$	3.0	2.8	7%
ARPU in UAH	83.0	72.0	15%

TOTAL OPERATING REVENUE

Our Ukraine total operating revenue increased by 9% (USD terms) and 17% (local currency terms) year-on-year. This was primarily driven by strong growth in data consumption resulting in increased data revenue on the back of strong and continuous 4G adoption. Fixed line revenue also increased as customers continue to draw on fixed line data at home.



ADJUSTED EBITDA

Our Ukraine Adjusted EBITDA increased by 9% (USD terms) and by 16% (local currency terms) year-on-year. This was primarily due to higher revenues as described above. This was partially offset by the increased structural operating expenses when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of June 30, 2021, we had 25.9 million mobile customers in Ukraine, representing an increase of 2% year-on-year. This was primarily due to growth in mobile data customers on the back of strong 4G adoption.

Our mobile ARPU in Ukraine increased by 7% (USD terms) and by 15% (local currency terms) year-on-year, primarily due to an increase in data usage.

KAZAKHSTAN

RESULTS OF OPERATIONS IN US\$

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of U.S. dollars (except as indicated)</i>			
Total operating revenue	265	229	16 %
Mobile service revenue	214	190	13 %
- of which mobile data	123	95	29 %
Fixed-line service revenue	44	37	19 %
Sales of equipment, accessories and other	7	2	250 %
Operating expenses	127	105	21 %
Adjusted EBITDA	138	124	11 %
Adjusted EBITDA margin	51.9 %	54.1 %	-2pp

RESULTS OF OPERATIONS IN KZT

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of KZT (except as indicated)</i>			
Total operating revenue	112,557	92,315	22 %
Mobile service revenue	90,677	76,549	18 %
- of which mobile data	52,086	38,558	35 %
Fixed-line service revenue	18,840	14,875	27 %
Sales of equipment, accessories and other	3,041	891	241 %
Operating expenses	54,084	42,364	28 %
Adjusted EBITDA	58,474	49,952	17 %
Adjusted EBITDA margin	52.0 %	54.1 %	-2pp



SELECTED PERFORMANCE INDICATORS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
Mobile			
Customers in millions	9.6	9.4	2%
Mobile data customers in millions	7.4	6.6	12%
ARPU in US\$	3.7	3.2	16%
ARPU in KZT	1,572.0	1,296.0	21%

TOTAL OPERATING REVENUE

Our Kazakhstan total operating revenue increased by 16% (USD terms) and 22% (local currency terms) year-on-year. Mobile service revenue benefited from an increased 4G user base on the back of an expansion in the 4G network. Fixed line services revenue grew due to a higher customer base as customers continue to draw on benefits from convergent product offers.

ADJUSTED EBITDA

Our Kazakhstan Adjusted EBITDA increased by 11% (USD terms) and by 17% (local currency terms) year-on-year. This was primarily due to higher revenues as described above and partially offset by the increase in services, commercial and other operating costs, when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of June 30, 2021, we had 9.6 million mobile customers in Kazakhstan, representing an increase of 2% year-on-year. The increase is primarily associated with growth in mobile data customers on the back of 4G network expansion.

Our mobile ARPU in Kazakhstan increased by 16% (USD terms) and by 21% (local currency terms) year-on-year, due to higher mobile services and data revenues during the period.

UZBEKISTAN

RESULTS OF OPERATIONS IN US\$

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of U.S. dollars (except as indicated)</i>			
Total operating revenue	91	102	-11 %
Mobile service revenue	91	101	-10 %
- of which mobile data	59	57	4 %
Fixed-line service revenue	—	1	-56 %
Sales of equipment, accessories and other	—	—	0 %
Operating expenses	52	57	-9 %
Adjusted EBITDA	40	45	-11 %
Adjusted EBITDA margin	43.8 %	44.4 %	-1pp



RESULTS OF OPERATIONS IN UZS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In billions of UZS (except as indicated)</i>			
Total operating revenue	969	1,001	-3 %
Mobile service revenue	962	991	-3 %
- of which mobile data	625	552	13 %
Fixed-line service revenue	5	6	-23 %
Sales of equipment, accessories and other	2	4	-57 %
Operating expenses	545	558	-2 %
Adjusted EBITDA	424	444	-5 %
Adjusted EBITDA margin	43.7 %	44.3 %	-1pp

SELECTED PERFORMANCE INDICATORS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
Mobile			
Customers in millions	6.8	7.1	-4%
Mobile data customers in million	5.1	4.6	11%
ARPU in US\$	2.2	2.2	0%
ARPU in UZS	23,349.0	21,617.0	8%

TOTAL OPERATING REVENUE

Our Uzbekistan total operating revenue decreased by 11% (USD terms) and 3% (local currency terms) year-on-year. This was primarily due to a lower customer base resulting in lower mobile services revenues during the period.

ADJUSTED EBITDA

Our Uzbekistan Adjusted EBITDA decreased by 11% (USD terms) and 5% (local currency terms) year-on-year. This was primarily driven by lower revenues as stated above, partially offset by reduced service, commercial and other operating costs when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of June 30, 2021, we had 6.8 million mobile customers in our Uzbekistan segment representing a decrease of 4% year-on-year. This was primarily due to higher churn rates as a result of a continued strategic focus on high value customers, offset by the growth in mobile data customers during the period.

Our mobile ARPU in Uzbekistan increased by 8% (local currency terms) year-on-year primarily due to growth in mobile data customer base and focus on high value customers.



ALGERIA

RESULTS OF OPERATIONS IN US\$

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of U.S. dollars (except as indicated)</i>			
Total operating revenue	322	345	-7 %
Mobile service revenue	321	343	-6 %
- of which mobile data	132	130	2 %
Sales of equipment, accessories and other	1	2	-50 %
Operating expenses	184	201	-8 %
Adjusted EBITDA	139	145	-4 %
Adjusted EBITDA margin	43.1 %	42.0 %	1pp

RESULTS OF OPERATIONS IN DZD

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of DZD (except as indicated)</i>			
Total operating revenue	42,974	42,892	0 %
Mobile service revenue	42,826	42,629	0 %
- of which mobile data	17,606	16,200	9 %
Sales of equipment, accessories and other	148	263	-44 %
Operating expenses	24,494	24,934	-2 %
Adjusted EBITDA	18,512	17,971	3 %
Adjusted EBITDA margin	43.1 %	41.9 %	1pp

SELECTED PERFORMANCE INDICATORS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
Mobile			
Customers in millions	13.9	13.9	0%
Mobile data customers in millions	9.3	9.1	2%
ARPU in US\$	3.8	4.0	-5%
ARPU in DZD	507.0	497.0	2%

TOTAL OPERATING REVENUE

Our Algeria total operating revenue decreased by 7% (USD terms) and remained at par in local currency terms, year-on-year. The deterioration in local currency remained the main contributor to the overall decrease.

ADJUSTED EBITDA

Our Algeria Adjusted EBITDA decreased by 4% (USD terms) and increased by 3% (local currency terms) year-on-year. The underlying growth in local currency terms is mainly due to the reduced structural operating costs during the period.

SELECTED PERFORMANCE INDICATORS

As of June 30, 2021, the customer base in our Algeria segment remained at par year-on-year. However, Mobile data customer saw a slight increase of 2%.

Our mobile ARPU in Algeria decreased by 5% (USD terms) and increased by 2% (local currency terms) year-on-year. The underlying growth in local currency terms was primarily due to higher mobile data revenues as well as an increased mobile data customer base.



BANGLADESH

RESULTS OF OPERATIONS IN US\$

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of U.S. dollars (except as indicated)</i>			
Total operating revenue	275	267	3 %
Mobile service revenue	270	262	3 %
- of which mobile data	75	66	14 %
Sales of equipment, accessories and other	5	5	0 %
Operating expenses	163	154	6 %
Adjusted EBITDA	112	113	-1 %
Adjusted EBITDA margin	40.7 %	42.3 %	-2pp

RESULTS OF OPERATIONS IN BDT

	Six months ended June 30,		
	2021	2020	2021-2020 change %
<i>In millions of BDT (except as indicated)</i>			
Total operating revenue	23,283	22,711	3 %
Mobile service revenue	22,838	22,275	3 %
- of which mobile data	6,371	5,594	14 %
Sales of equipment, accessories and other	445	435	2 %
Operating expenses	13,810	13,113	5 %
Adjusted EBITDA	9,472	9,598	-1 %
Adjusted EBITDA margin	40.7 %	42.3 %	-2pp

SELECTED PERFORMANCE INDICATORS

	Six months ended June 30,		
	2021	2020	2021-2020 change %
Mobile			
Customers in millions	34.4	32.1	7%
Mobile data customers in millions	21.2	19.5	9%
ARPU in US\$	1.3	1.3	—%
ARPU in BDT	113.0	113.0	—%

TOTAL OPERATING REVENUE

Our Bangladesh total operating revenue increased by 3% both in USD and local currency terms year-on-year. This was primarily due to an increase in mobile data revenues and usage shift to data services.

ADJUSTED EBITDA

Our Bangladesh Adjusted EBITDA showed a slight decrease of 1% both in USD and local currency terms, year-on-year. This was primarily associated with increased revenues as stated above, partially offset by the increase in structural operating expenses, when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of June 30, 2021, we had 34.4 million customers in our Bangladesh segment representing an increase of 7% year-on-year. This was primarily due to a continued focus on data penetration under the 4G roll out.

Our mobile ARPU in Bangladesh both in USD and local currency terms remained at par year-on-year.



LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

Working capital is defined as current assets less current liabilities.

As of June 30, 2021, we had negative working capital of US\$1,978 million, compared to negative working capital of US\$1,560 million as of December 31, 2020. The change of net working capital compared to December 31, 2020 was primarily due to a reduction in our current asset base as of June 30, 2021, particularly a decrease in cash and cash equivalents.

Our working capital is monitored on a regular basis by our 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 short-term and foreseeable long-term cash requirements.

INTERIM CONSOLIDATED CASH FLOW SUMMARY

	Six-month period ended June 30,	
	2021	2020
<i>(In millions of U.S. dollars)</i>		
Net cash flows from operating activities	1,199	1,105
Net cash flows from / (used in) investing activities	(1,134)	(1,017)
Net cash flows from / (used in) financing activities	(547)	(61)
Net increase / (decrease) in cash and cash equivalents	(482)	27
Net foreign exchange difference	—	(37)
Cash and cash equivalents at beginning of period	1,661	1,238
Cash and cash equivalents at end of period, net of overdraft	1,179	1,228

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

OPERATING ACTIVITIES

During the six months ended June 30, 2021, net cash flows from operating activities increased to US\$1,199 million from US\$1,105 million during the six months ended June 30, 2020. The movement in operating activities mainly relates to increased profit before tax and reduced interest costs when compared with the same period last year.

INVESTING ACTIVITIES

During the six months ended June 30, 2021, net outflow for investing activities was US\$1,134 million compared to net cash outflow of US\$1,017 million for the same period last year. The increase is mainly associated with increased outflow on account of investment in high speed data network and acceleration in the network development program, and was partially offset by the inflow on account of financials assets when compared with the same period last year.

Acquisitions and Disposals

For information regarding our acquisitions and disposals, see [Note 5](#) and [Note 6](#) to our unaudited interim condensed consolidated financial statements attached hereto.



FINANCING ACTIVITIES

During the six months ended June 30, 2021, net cash outflow for financing activities was US\$547 million compared to net cash outflow of US\$61 million during the six months ended June 30, 2020. This was mainly driven by the acquisition of the non-controlling interest in our Pakistan operating company and net repayment of debt. The lower cash outflow from financing activities during 2020 was mainly driven by payment of dividends which were higher than net inflow from borrowings.

During the six months ended June 30, 2021, we raised US\$437 million, net of fees (2020: US\$2,951) and repaid US\$711 million (2020: US\$2,733) under various debt facilities.

For information regarding changes to our debt portfolio during the six months ended June 30, 2021, see [Note 7](#) to our unaudited interim condensed consolidated financial statements attached hereto.

BORROWINGS

As of June 30, 2021, the principal amounts of our external indebtedness represented by bank loans and bonds amounted to US\$7,658 million, compared to US\$7,678 million as of December 31, 2020. As of June 30, 2021, our debt includes overdrawn bank accounts related to a cash-pooling program of US\$13 million (December 31, 2020: US\$8 million).



As of June 30, 2021, 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 (USD mln)	Maturity date
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	7.2500%	USD	700	700	26.04.2023
VEON Holdings B.V.	Loan from Sberbank	CBR Key Rate + 2.2%	RUB	35,000	483	03.06.2023
VEON Holdings B.V.	Loan from Sberbank	7.3500%	RUB	30,000	415	03.06.2024
VEON Holdings B.V.	Notes	4.9500%	USD	533	533	17.06.2024
VEON Holdings B.V.	Loan from Alfa Bank	7.5000%	RUB	30,000	415	11.03.2025
VEON Holdings B.V.	Notes	4.0000%	USD	1,000	1,000	09.04.2025
VEON Holdings B.V.	Notes	6.3000%	RUB	20,000	276	18.06.2025
VEON Holdings B.V.	Loan from VTB	CBR Key Rate + 1.85%	RUB	30,000	415	09.07.2025
VEON Holdings B.V.	Notes	6.5000%	RUB	10,000	138	11.09.2025
VEON Holdings B.V.	Loan from Alfa Bank	CBR Key Rate + 2.1%	RUB	15,000	207	26.03.2026
VEON Holdings B.V.	Notes	3.3750%	USD	1,250	1,250	25.11.2027
TOTAL VEON Holdings B.V.					6,778	
PMCL	Loan from Habib Bank Limited	6M KIBOR + 0.35%	PKR	3,333	21	15.06.2022
PMCL	Syndicated Loan Facility	6M KIBOR + 0.35%	PKR	8,558	54	15.06.2022
PMCL	Syndicated Loan Facility	6M KIBOR	PKR	2,424	15	15.12.2023
PMCL	Syndicated Loan Facility	6M KIBOR	PKR	1,508	10	15.12.2023
PMCL	Syndicated Loan Facility	6M KIBOR + 0.55%	PKR	33,848	215	02.09.2026
PMCL	Loan from Habib Bank Limited	6M KIBOR + 0.55%	PKR	14,369	91	02.09.2026
PMCL	Loan from United Bank Limited	3M KIBOR + 0.55%	PKR	4,500	28	18.05.2028
PMCL	Syndicated Loan Facility	6M KIBOR + 0.55%	PKR	13,500	86	18.05.2028
PMCL	Other				28	
TOTAL Pakistan Mobile Communications Limited					548	
Banglalink	Syndicated Loan Facility	Average bank deposit rate + 4.25%	BDT	5,144	61	24.09.2022
Other					20	
TOTAL Banglalink Digital Communications Ltd.					81	
PJSC Kyivstar	Loan from Alfa Bank	NBU Key Rate + 3%	UAH	1,580	58	14.12.2023
PJSC Kyivstar	Loan from OTP Bank	10.1500%	UAH	1,000	46	22.12.2023
PJSC Kyivstar	Loan from PJSC CitiBank	TBILL Rate + 3%	UAH	1,350	50	15.03.2024
PJSC Kyivstar	Loan from Raiffeisen Bank	11.0000%	UAH	1,400	52	26.11.2025
Total PJSC Kyivstar					206	
Other entities	Cash pool overdrawn accounts* and Other				45	
Total VEON					7,658	

* As of June 30, 2021, some bank accounts forming part of a cash pooling program and being an integral part of VEON's cash management remained overdrawn by US\$13 million. Even though the total balance of the cash pool remained positive, VEON has no legally enforceable right to set-off and therefore the overdrawn accounts are presented as financial liabilities and form part of our debt. For additional information on our outstanding indebtedness, please refer to [Note 7](#) of our unaudited interim condensed consolidated financial statements attached hereto.



FUTURE LIQUIDITY AND CAPITAL REQUIREMENTS

During the six months ended June 30, 2021, our capital expenditures excluding licenses and right-of-use assets (“**CAPEX exc. licenses and ROU**”) were US\$927 million compared to US\$860 million in the six months ended June 30, 2020. The increase was primarily due to investments in high speed network and acceleration in the network deployment program.

We expect that CAPEX exc. licenses and ROU in 2021 will mainly consist of investing in high-speed data networks to capture mobile data growth, including the continued roll-out of 4G/LTE networks in Russia, Algeria, Bangladesh, Pakistan, Kazakhstan and Ukraine. We expect these expenditures to continue to be significant throughout the remainder of 2021.

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;
- 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 June 30, 2021, we had an undrawn amount of US\$1,580 million under existing credit facilities of which US\$1,250 million under the VEON Holdings revolving credit facility.

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.

Below is the reconciliation of CAPEX exc. licenses and ROU (refer to Note 2 of the Audited Consolidated Financial Statements) to cash flows used in the Purchase of property, plant and equipment and intangible assets:

	Six-month period ended June 30,	
	2021	2020
<i>(In millions of U.S. dollars)</i>		
Capital expenditures *	927	860
<i>Adjusted for</i>		
Additions of licenses	119	39
Difference in timing between accrual and payment for capital expenditures	1	(6)
Purchase of property, plant and equipment and intangible assets	1047	893

*Excluding licenses and right-of-use assets, refer to Note 2 — Segment information of our unaudited interim condensed consolidated financial statements



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 June 30, 2021, 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, Kazakh tenge and the Uzbek som, because the majority of our cash flows from operating activities in Russia, Pakistan, Algeria, Bangladesh, Ukraine, Kazakhstan and Uzbekistan are denominated in each of these functional currencies, respectively, while our debt, if not incurred in or hedged to the aforementioned currencies, is primarily denominated in U.S. dollars.

As of June 30, 2021, we held approximately 49% of our readily available cash and bank deposits in U.S. dollars in order to hedge against the risk of functional currency devaluation. We also hold part of our debt in Russian rubles and other currencies to manage this risk. Nonetheless, if the U.S. dollar value of the Russian ruble, Algerian dinar, Pakistani rupee, Bangladeshi taka, Ukrainian hryvnia, Kazakh tenge or Uzbek som were to dramatically decline, it could negatively impact our ability to repay or refinance our U.S. dollar denominated indebtedness. 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 the section of our 2020 Annual Report entitled “Item 3—Key Information—D. Risk Factors— Market Risks —We are exposed to foreign currency exchange loss and currency fluctuation and translation risks.”

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

As of June 30, 2021, the interest rate risk on the financing of our group was limited as 76% of our group’s total debt was fixed rate debt.



DECLARATIONS

Introduction

This VEON's Ltd. interim report dated August 30, 2021, 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 Chief Financial Officer, hereby declares that, to the best of his knowledge, the VEON half-year financial statements included in this interim report, which have been prepared in accordance with IAS 34 "Interim Financial Reporting", give a true and fair view of VEON's assets, liabilities, financial position and profit or loss and the undertakings included in VEON's consolidation taken as a whole, and the half-year management report included in this interim report gives a fair view of the information required pursuant to section 5:25d, subsections 8 and 9 of the "Wet op het financieel toezicht."

Amsterdam, the Netherlands

August 30, 2021

Serkan Okandan, CFO

Unaudited interim condensed
consolidated financial statements

VEON Ltd.

As of and for the six and three-month periods
ended June 30, 2021

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the six and three-month periods ended June 30:

	Note	Six-month period		Three-month period	
		2021	2020	2021	2020
<i>(In millions of U.S. dollars, except per share amounts)</i>					
Service revenues		3,780	3,773	1,927	1,795
Sale of equipment and accessories		211	160	106	72
Other revenue		63	55	32	25
Total operating revenues	2	4,054	3,988	2,065	1,892
Other operating income		1	2	—	2
Service costs		(768)	(746)	(403)	(365)
Cost of equipment and accessories		(208)	(163)	(106)	(74)
Selling, general and administrative expenses		(1,324)	(1,352)	(677)	(646)
Depreciation		(837)	(804)	(421)	(389)
Amortization		(153)	(178)	(81)	(86)
Impairment (loss) / reversal		(9)	(1)	(3)	(1)
Gain / (loss) on disposal of non-current assets		(4)	(12)	—	(6)
Operating profit		752	734	374	327
Finance costs		(330)	(391)	(164)	(184)
Finance income		5	15	3	6
Other non-operating gain / (loss)		7	101	2	86
Net foreign exchange gain / (loss)		11	(21)	1	8
Profit / (loss) before tax		445	438	216	243
Income tax expense	3	(180)	(144)	(89)	(68)
Profit / (loss) for the period		265	294	127	175
Attributable to:					
The owners of the parent		230	264	100	156
Non-controlling interest		35	30	27	19
		265	294	127	175
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent		\$0.13	\$0.15	\$0.06	\$0.09

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six and three-month periods ended June 30:

	Note	Six-month period		Three-month period	
		2021	2020	2021	2020
<i>(In millions of U.S. dollars)</i>					
Profit / (loss) for the period		265	294	127	175
<i>Items that may be reclassified to profit or loss</i>					
Foreign currency translation	4	8	(486)	10	94
Other		—	1	3	—
<i>Items reclassified to profit or loss</i>					
Other		2	(5)	1	—
Other comprehensive income / (loss) , net of tax		10	(490)	14	94
Total comprehensive income / (loss) , net of tax		275	(196)	141	269
Attributable to:					
The owners of the parent		262	(150)	127	259
Non-controlling interests		13	(46)	14	10
		275	(196)	141	269

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of

(In millions of U.S. dollars)

	Note	June 30, 2021	December 31, 2020
Assets			
Non-current assets			
Property and equipment	5	7,236	6,879
Intangible assets	6	4,230	4,152
Investments and derivatives	7	369	305
Deferred tax assets		213	186
Other assets		206	179
Total non-current assets		12,254	11,701
Current assets			
Inventories		123	111
Trade and other receivables		690	572
Investments and derivatives*	7	68	90
Current income tax assets		60	73
Other assets		366	335
Cash and cash equivalents*	8	1,192	1,669
Total current assets		2,499	2,850
Total assets		14,753	14,551
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		401	163
Non-controlling interests		825	850
Total equity		1,226	1,013
Non-current liabilities			
Debt and derivatives	7	8,717	8,832
Provisions		149	141
Deferred tax liabilities		153	127
Other liabilities		31	28
Total non-current liabilities		9,050	9,128
Current liabilities			
Trade and other payables*		1,967	1,946
Debt and derivatives*	7	1,216	1,255
Provisions		152	151
Current income tax payables		207	175
Dividend payable		44	—
Other liabilities		891	883
Total current liabilities		4,477	4,410
Total equity and liabilities		14,753	14,551

* Certain comparative amounts have been reclassified to conform to the current period presentation, refer to [Note 14](#) for further details.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six-month period ended June 30, 2021

(In millions of U.S. dollars)	Note	Attributable to equity owners of the parent						Total	Non-controlling interests	Total equity
		Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation			
As of December 31, 2020		1,749,127,404	2	12,753	(1,898)	(1,919)	(8,775)	163	850	1,013
Profit / (loss) for the period		—	—	—	—	230	—	230	35	265
Other comprehensive income / (loss)		—	—	—	—	—	32	32	(22)	10
Total comprehensive income / (loss)		—	—	—	—	230	32	262	13	275
Dividends declared	10	—	—	—	—	—	—	—	(44)	(44)
Acquisition of subsidiary	4	—	—	—	(16)	—	—	(16)	6	(10)
Other		—	—	—	(7)	(1)	—	(8)	—	(8)
As of June 30, 2021		1,749,127,404	2	12,753	(1,921)	(1,690)	(8,743)	401	825	1,226

for the six-month period ended June 30, 2020

(In millions of U.S. dollars)	Note	Attributable to equity owners of the parent						Total	Non-controlling interests	Total equity
		Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation			
As of December 31, 2019		1,749,127,404	2	12,753	(1,887)	(1,330)	(8,312)	1,226	994	2,220
Profit / (loss) for the period		—	—	—	—	264	—	264	30	294
Other comprehensive income / (loss)		—	—	—	(4)	(1)	(409)	(414)	(76)	(490)
Total comprehensive income / (loss)		—	—	—	(4)	263	(409)	(150)	(46)	(196)
Dividends declared	10	—	—	—	—	(262)	—	(262)	(59)	(321)
Other		—	—	—	(3)	26	(26)	(3)	2	(1)
As of June 30, 2020		1,749,127,404	2	12,753	(1,894)	(1,303)	(8,747)	811	891	1,702

for the three-month period June 30, 2021

		Attributable to equity owners of the parent									
(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity	
April 1, 2021		1,749,127,404	2	12,753	(1,897)	(1,792)	(8,768)	298	849	1,147	
Profit / (loss) for the period		—	—	—	—	100	—	100	27	127	
Other comprehensive income / (loss)		—	—	—	—	2	25	27	(13)	14	
Total comprehensive income / (loss)		—	—	—	—	102	25	127	14	141	
Dividends declared	10	—	—	—	—	—	—	—	(44)	(44)	
Acquisition of subsidiary	4	—	—	—	(16)	—	—	(16)	6	(10)	
Other		—	—	—	(8)	—	—	(8)	—	(8)	
June 30, 2021		1,749,127,404	2	12,753	(1,921)	(1,690)	(8,743)	401	825	1,226	

for the three-month period June 30, 2020

		Attributable to equity owners of the parent									
(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity	
April 1, 2020		1,749,127,404	2	12,753	(1,893)	(1,494)	(8,825)	543	949	1,492	
Profit / (loss) for the period		—	—	—	—	156	—	156	19	175	
Other comprehensive income / (loss)		—	—	—	—	(1)	104	103	(9)	94	
Total comprehensive income / (loss)		—	—	—	—	155	104	259	10	269	
Dividends declared	10	—	—	—	—	—	—	—	(59)	(59)	
Other		—	—	—	(1)	36	(26)	9	(9)	—	
June 30, 2020		1,749,127,404	2	12,753	(1,894)	(1,303)	(8,747)	811	891	1,702	

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30

	Note	Six-month period	
		2021	2020
<i>(In millions of U.S. dollars)</i>			
Operating activities			
Profit / (loss) before tax		445	438
<i>Non-cash adjustments to reconcile profit before tax to net cash flows</i>			
Depreciation, amortization and impairment loss / (reversal)		999	983
(Gain) / loss on disposal of non-current assets		4	12
Finance costs		330	391
Finance income		(5)	(15)
Other non-operating (gain) / loss		(7)	(101)
Net foreign exchange (gain) / loss		(11)	21
Changes in trade and other receivables and prepayments		(156)	(100)
Changes in inventories		(14)	45
Changes in trade and other payables		50	(58)
Changes in provisions, pensions and other		6	(14)
Interest paid		(306)	(337)
Interest received		5	15
Income tax paid		(141)	(175)
Net cash flows from operating activities		1,199	1,105
Investing activities			
Purchase of property, plant and equipment and intangible assets		(1,047)	(893)
Receipts from / (payment on) deposits		(52)	(98)
Receipts from / (investment in) financial assets***		(29)	(33)
Other proceeds from investing activities, net		(6)	7
Net cash flows from / (used in) investing activities		(1,134)	(1,017)
Financing activities			
Proceeds from borrowings, net of fees paid*	7	437	2,951
Repayment of debt		(711)	(2,733)
Acquisition of non-controlling interest		(273)	(1)
Dividends paid to owners of the parent		—	(259)
Dividends paid to non-controlling interests		—	(19)
Net cash flows from / (used in) financing activities		(547)	(61)
Net (decrease) / increase in cash and cash equivalents		(482)	27
Net foreign exchange difference		—	(37)
Cash and cash equivalents at beginning of period***		1,661	1,238
Cash and cash equivalents at end of period, net of overdrafts**	8	1,179	1,228

* Fees paid for borrowings were US\$19 (2020: US\$15).

** Overdrawn amount was US\$13 (2020: US\$3)

***Certain comparative amounts have been reclassified to conform to the current period presentation, refer to [Note 14](#) for further details.

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

Notes to the interim condensed consolidated financial statements

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

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

VEON 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 is 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.

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

VEON’s ADSs are listed on the NASDAQ Global Select Market (“**NASDAQ**”) and VEON’s common shares are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. (“**Euronext Amsterdam**”).

Major developments during the six-month period ended June 30, 2021

Financing activities

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

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

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

In June 2021, Pakistan Mobile Communication Limited (PMCL) secured a PKR 50 billion (“US\$320”) syndicated credit facility from a banking consortium led by Habib Bank Limited. This 10-year facility will be used to finance the company’s ongoing 4G network rollouts and technology upgrades, as well as to address upcoming maturities. Refer to [Note 7](#) for further details.

Other developments

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

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

Notes to the interim condensed consolidated financial statements

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

OPERATING ACTIVITIES OF THE GROUP

2 SEGMENT INFORMATION

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

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

Financial information by reportable segment for the six and three-month periods ended June 30, 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.

For the six-month period ended June 30

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed		2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020						
<u>Our cornerstone</u>										
Russia	1,395	1,506	266	265	193	151	5	5	1,859	1,927
<u>Our growth engines</u>										
Pakistan	658	559	—	—	10	3	50	42	718	604
Ukraine	466	429	33	30	—	—	2	2	501	461
Kazakhstan	214	190	44	37	6	2	1	1	265	230
Uzbekistan	91	101	—	1	—	—	—	—	91	102
<u>Our frontier markets</u>										
Algeria	321	343	—	—	1	2	—	—	322	345
Bangladesh	270	262	—	—	—	—	5	5	275	267
Other frontier markets	37	55	—	12	—	2	—	—	37	69
<u>Other</u>										
HQ and eliminations	(6)	(17)	(9)	—	1	—	—	—	(14)	(17)
Total segments	3,446	3,428	334	345	211	160	63	55	4,054	3,988

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Notes to the interim condensed consolidated financial statements

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

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2021	2020	2021	2020
Our cornerstone				
Russia	715	784	498	415
Our growth engines				
Pakistan	317	280	181	153
Ukraine	340	313	91	96
Kazakhstan	138	124	44	52
Uzbekistan	40	45	13	26
Our frontier markets				
Algeria	139	145	50	38
Bangladesh	112	113	42	59
Other frontier markets	24	25	6	19
Other				
HQ and eliminations	(70)	(100)	2	2
Total segments	1,755	1,729	927	860

For the three-month period ended June 30

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed		2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020						
Our cornerstone										
Russia	705	711	135	128	96	68	3	—	939	907
Our growth engines										
Pakistan	340	266	—	—	5	1	26	21	371	288
Ukraine	239	208	17	14	—	—	1	1	257	223
Kazakhstan	112	92	22	19	4	1	—	—	138	112
Uzbekistan	46	47	—	—	—	—	—	—	46	47
Our frontier markets										
Algeria	162	159	—	—	—	1	—	—	162	160
Bangladesh	138	128	—	—	—	—	2	3	140	131
Other frontier markets	19	25	—	6	1	1	—	—	20	32
Other										
HQ and eliminations	1	(8)	(9)	—	—	—	—	—	(8)	(8)
Total segments	1,762	1,628	165	167	106	72	32	25	2,065	1,892

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Notes to the interim condensed consolidated financial statements

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

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2021	2020	2021	2020
Our cornerstone				
Russia	354	357	299	249
Our growth engines				
Pakistan	161	133	89	85
Ukraine	173	151	52	58
Kazakhstan	72	61	23	28
Uzbekistan	18	20	1	21
Our frontier markets				
Algeria	71	64	17	24
Bangladesh	57	54	16	15
Other frontier markets	18	11	3	12
Other				
HQ and eliminations	(45)	(42)	2	—
Total segments	879	809	502	492

The following table provides the reconciliation of Profit / (loss) before tax to Total Adjusted EBITDA for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2021	2020	2021	2020
Profit / (loss) before tax	445	438	216	243
<i>Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA</i>				
Depreciation	837	804	421	389
Amortization	153	178	81	86
Impairment loss / (reversal)	9	1	3	1
(Gain) / loss on disposal of non-current assets	4	12	—	6
Finance costs	330	391	164	184
Finance income	(5)	(15)	(3)	(6)
Other non-operating (gain) / loss	(7)	(101)	(2)	(86)
Net foreign exchange (gain) / loss	(11)	21	(1)	(8)
Total Adjusted EBITDA	1,755	1,729	879	809

Notes to the interim condensed consolidated financial statements

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

3 INCOME TAXES

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

Income tax expense consisted of the following for the six and three-month periods ended June 30:

	Six-month period		Three-month period	
	2021	2020	2021	2020
Current income taxes	180	152	89	97
Deferred income taxes	—	(8)	—	(29)
Income tax expense	180	144	89	68
Effective tax rate	40.4 %	32.9 %	41.2 %	28.0 %

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the six and three-month periods ending June 30, 2021 (40.4% and 41.2%, respectively) was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement, as well as withholding taxes accrued for forecasted dividends from our operating companies.

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the six and three-month periods ending June 30, 2020 (32.9% and 28.0%, respectively) was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement, as well as withholding taxes accrued for forecasted dividends from our operating companies.

Notes to the interim condensed consolidated financial statements

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

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT TRANSACTIONS

During the six-month period ended June 30, 2021

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

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

VEON completes the acquisition of majority shareholding in OTM

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

During the six-month period ended June 30, 2020

GTH restructuring

During the first half of 2020, VEON continued with the restructuring of Global Telecom Holding S.A.E. ("**GTH**"), with the intragroup transfer of Mobilink Bank and GTH Finance B.V. completed in March and April 2020, respectively. As the operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, there was no material impact on these consolidated financial statements stemming from these intragroup transfers. For further details on GTH restructuring, refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2019.

Significant movements in exchange rates

An increase in demand for hard currencies, in part due to the coronavirus outbreak, resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, in the first half of 2020, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, decreased significantly, with a corresponding loss of US\$486 recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

Notes to the interim condensed consolidated financial statements

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

5 PROPERTY AND EQUIPMENT

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

	Six-month period	
	2021	2020
Balance as of January 1	6,879	7,340
Additions*	1,122	839
Disposals	(18)	(25)
Depreciation	(837)	(804)
Impairment	(9)	(1)
Translation adjustment	103	(689)
Other	(4)	19
Balance as of June 30	7,236	6,679

*There were no material changes in estimates other than lease term reassessments in Russia which had the effect of increasing right-of-use assets by US\$89 (2020-US\$13).

Notes to the interim condensed consolidated financial statements

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

6 INTANGIBLE ASSETS

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

	Six-month period	
	2021	2020
Balance as of January 1	4,152	5,688
Acquisition of subsidiary (Note 4)	18	—
Additions	199	124
Amortization	(153)	(178)
Impairment	(1)	—
Translation adjustment	28	(519)
Other	(13)	4
Balance as of June 30	4,230	5,119

Goodwill

Included within total intangible asset movements for the six month periods ended June 30, 2021, as shown above, are the following movements in goodwill for the group, per cash generating unit ("CGU"):

CGU *	June 30, 2021	Others	Currency translation	January 1, 2021
Russia**	1,156	2	23	1,131
Algeria	1,034	—	(19)	1,053
Pakistan	323	(6)	5	324
Kazakhstan	137	—	(3)	140
Uzbekistan	34	—	—	34
Total	2,684	(4)	6	2,682

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

** In June 2021, VEON acquired a majority stake in OTM, a technology platform for the automation and planning of online advertising purchases in Russia.

Impairment analysis

Goodwill is tested for impairment annually or when circumstances indicate the carrying value may be impaired. When reviewing for indicators of impairment in interim periods, the Company considers, amongst others, the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the quarterly financial performances of each cash-generating unit ("CGU").

VEON performed its annual impairment testing at September 30, 2020. For further details regarding calculations and assumptions used for impairment testing, refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2020.

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

Notes to the interim condensed consolidated financial statements

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

FINANCING ACTIVITIES OF THE GROUP

7 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	June 30, 2021	December 31, 2020
At fair value		
Derivatives not designated as hedges	—	20
Derivatives designated as net investment hedges	—	3
Other	8	8
	<u>8</u>	<u>31</u>
At amortized cost		
Security deposits and cash collateral	380	325
Other investments	49	39
	<u>429</u>	<u>364</u>
Total investments and derivatives		
	<u>437</u>	<u>395</u>
Non-current	369	305
Current	68	90

The Company holds the following debt and derivative liabilities:

	June 30, 2021	December 31, 2020
At fair value		
Derivatives not designated as hedges	—	52
Derivatives designated as net investment hedges	13	1
Contingent consideration	1	—
	<u>14</u>	<u>53</u>
At amortized cost		
Principal amount outstanding	7,658	7,678
Interest accrued	78	85
Discounts, unamortized fees, hedge basis adjustment	(9)	(5)
Bank loans and bonds	<u>7,727</u>	<u>7,758</u>
Lease liabilities	2,050	1,912
Put-option liability over non-controlling interest	16	273
Other financial liabilities*	126	91
	<u>9,919</u>	<u>10,034</u>
Total debt and derivatives		
	<u>9,933</u>	<u>10,087</u>
Non-current	8,717	8,832
Current	1,216	1,255

* Certain comparative amounts have been reclassified to conform to the current period presentation, refer to [Note 14](#) for further details.

Notes to the interim condensed consolidated financial statements

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

Significant changes in financial assets and financial liabilities

There were no significant changes in financial assets and liabilities in the six-month period ended June 30, 2021, except for the scheduled repayments of debt or as described below. Furthermore, there were no changes in risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended December 31, 2020.

Acquisition of minority stake in PMCL

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

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

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

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

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

VEON increases facility with Alfa-Bank

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

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

PMCL secures syndicated credit facility

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

Fair values

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

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US\$7,823 at June 30, 2021 (December 31, 2020: US\$8,031); and
- 'Lease liabilities', for which fair value has not been determined.

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

As of June 30, 2021 and December 31, 2020, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs, except for Contingent consideration, for which fair value is classified as Level 3. Observable inputs (Level 2) used in valuation techniques include inter-bank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads. During the six-month period ended June 30, 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

Notes to the interim condensed consolidated financial statements

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

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	June 30, 2021	December 31, 2020
Cash at banks and on hand	694	694
Short-term deposits with original maturity of less than three months*	498	975
Cash and cash equivalents	1,192	1,669
Less overdrafts	(13)	(8)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)**	1,179	1,661

* Certain comparative amounts have been reclassified to conform to the current period presentation, refer to [Note 14](#) for further details.

** Cash and cash equivalents include an amount of US\$106 relating to banking operations in Pakistan.

As of June 30, 2021 and December 31, 2020, there were no restricted cash and cash equivalent balances. Cash balances as of June 30, 2021 include investments in money market funds of US\$61 (December 31, 2020: US\$543).

As of June 30, 2021, some bank accounts forming part of a cash pooling program and being an integral part of the Company's cash management remained overdrawn by US\$13 (2020: US\$8). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as financial liabilities within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows.

Notes to the interim condensed consolidated financial statements

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

9 ISSUED CAPITAL

The following table details the common shares of the Company as of:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
Authorized common shares (nominal value of US\$0.001 per share)	1,849,190,667	1,849,190,667
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.

Notes to the interim condensed consolidated financial statements

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

10 DIVIDENDS PAID AND PROPOSED

There were no dividends declared by VEON Ltd in the six-month period ended June 30, 2021.

In March 2020, the Company paid a final dividend of US 15 cents per share for 2019, bringing total 2019 dividends to US 28 cents per share.

The Company makes appropriate tax withholdings of up to 15% when dividends are paid to the Company's share depository, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, dividends are paid in euro.

Notes to the interim condensed consolidated financial statements

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

ADDITIONAL INFORMATION

11 RELATED PARTIES

For the six and three-month periods ended June 30, there were no material transactions and there were no material balances recognized with related parties as of this date.

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed below and elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the six-month period ended June 30, 2021.

13 EVENTS AFTER THE REPORTING PERIOD

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

On July 1, 2021 VEON exercised its put option to sell the entirety of its 45.57% stake in its Algerian subsidiary, Omnum Telecom Algerie SpA to the Algerian National Investment Fund, Fonds National d'Investissement (FNI). Omnum owns Algerian mobile network operator, Djazzy. The exercise of the put option is not expected to have an adverse effect on financial position of financial performance of the Company.

Starting from July 1, 2021, the Algerian subsidiary will be classified as held for sale and discontinued operations, which will be recorded in VEON's Q3 interim IFRS financial statements. The Algerian contribution to the VEON Group's financial position and financial performance is disclosed in Note 2 "Segment information".

Notes to the interim condensed consolidated financial statements

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

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six and three-month periods ended June 30, 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2020.

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

Certain comparative amounts have been reclassified to conform to the current period presentation. Specifically, the following December 31, 2020 balances were reclassified in the consolidated statement of financial position:

- Short term investments for treasury bills shorter than 3 months maturity relating to micro finance bank operations of US\$75 is now presented in cash and cash equivalents. Accordingly the cash flow movement of USD31 M relating to treasury bills has also been presented as cash and cash equivalent.
- Short term portion of license fee payable of US\$31 is now presented as other financial liabilities within current debt and derivative liabilities.

STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

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

A number of new and amended standards became effective as of January 1, 2021, which are not expected to have a material impact on VEON financial statements in current or future reporting periods or on foreseeable future transactions. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

Amsterdam, August 30, 2021

VEON Ltd.