Earnings Release
3Q20 results

29 OCTOBER 2020

VEON REPORTS 3Q20 RESULTS

ENCOURAGING SEQUENTIAL IMPROVEMENT IN REVENUE AND EBITDA

ACCELERATION IN 4G USERS DRIVING GROWTH

Amsterdam (29 October 2020) – VEON Ltd. (Ticker: VEON), announces results for the quarter ended 30 September 2020.

RESULTS HIGHLIGHTS

- All operations recorded improved YoY trends compared to the previous quarter as lockdown restrictions related to the COVID-19 pandemic eased. Reported revenue decreased by 10.4% YoY mainly due to currency headwinds, while the local currency decline in revenue was limited to 1.3% YoY
- The Group recorded a quarter-on-quarter increase in the total mobile customer base with net additions of 3 million in 3Q20 to 207 million following net decline of 6 million in customers in the second quarter period
- Strong growth in 4G users resumed: up by 20 million YoY and by 8 million QoQ, bringing total 4G users to 73 million, driving the long-term revenue expansion of the Group. Ongoing network investment saw 4G population coverage up 18p.p. YoY to 69%
- We recorded double-digit growth in mobile data revenue, up 13.1% YoY in local currency as customers switched back from fixed line as lockdowns restrictions eased and with 4G user ARPUs on average two times higher than the total customer base ARPU
- Across our digital businesses, we continue to make good progress. JazzCash closed the quarter with 9.7 million (MAU), while in the content area both Beeline TV in Russia and Toffee TV in Bangladesh recorded strong YoY trends
- Pakistan, Ukraine and Kazakhstan recorded double-digit EBITDA growth which was offset by operational challenges in Russia. Reported EBITDA decreased by 9% YoY due to currency headwinds; in local currency EBITDA increased by 0.1% YoY
- VEON recorded a non-cash impairment of USD 790 million, primarily against the carrying value of goodwill in Russia. 3Q20 net profit before impairments was USD 145 million
- FY2020 guidance confirmed, anticipating a steady recovery in operations, subject to the gradual lifting of lockdown measures, and a low to mid-single-digit local currency YoY decline in both Group revenue and EBITDA, with Capex Intensity of 22-24%

Kaan Terzioğlu and Sergi Herrero, co-Chief Executive Officers, commented on results:

"The third quarter saw strong sequential improvements in the financial performance of the majority of our operating companies, as lockdown restrictions eased in most of our markets. The Group remains focused on operational execution and improving commercial momentum while driving a number of initiatives across our markets to support the significant data & digital opportunities we enjoy.

We are pleased to see real progress on the execution of our strategy to grow our 4G user base across all our operations and, in doing so, support the expansion in our data and digital revenues which together represent a meaningful opportunity for the Group to expand revenue in the long-term.

At the end of September, we reported 4G users of 73 million, which collectively now account for 35% of our total customer base. But even more encouraging is that due to 4G segment growth, data revenues increased by 13% in local currency on a YoY basis – momentum we will strive to continue to deliver on in the coming months.

Looking forward, as a management team, we remain excited by the growth opportunities we enjoy as our 4G network deployment program drives greater levels of customer engagement and digital services adoption. In support of this, we have continued with our focused network rollout across the Group's markets, investing an additional $354 million in the quarter.

We remain committed to executing on our planned operational improvements, particularly in Russia, where we continue to invest in network quality and a growing range of digital services while focusing on strengthening our commercial propositions for all our customers. Elsewhere across the Group, the early-stage nature of our markets provides us with structural growth opportunities in digital adoption and we are well-placed to reap the benefit from these growth opportunities as was evident in the quarter where we saw a relatively quick recovery in the operating performance.

As a management team we have resolved to address a number of matters in the interest of our investors, including a zero-cost depository receipt program for NASDAQ investors and a structural reduction in our HQ costs as we take on a new operating model."

For a discussion of how we define and calculate the non-IFRS financial measures used in this document, including EBITDA, EBITDA margin, EBITDA Adjusted and EBITDA Adjusted margin, Net Debt, Equity Free Cash Flow (after licenses), Operational Capital Expenditures ("Operational capex"), Capex Intensity, local currency [measures], ARPU, see Attachment A "Definitions" on page 18. 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.

KEY FIGURES

USD million	3Q20	3Q19	YoY reported	YoY local currency	9M20	9M19	YoY reported	YoY local currency
Total revenue, of which	1,993	2,223	(10.4%)	**(1.3%)**	5,981	6,609	(9.5%)	**(2.7%)**
mobile and fixed service revenue	1,856	2,076	(10.6%)	(1.6%)	5,629	6,161	(8.6%)	(2.4%)
mobile data revenue	645	626	3.1%	13.1%	1,927	1,783	8.1%	15.2%
EBITDA	898	987	(9.0%)	**0.1%**	2,627	3,280	(19.9%)	**(14.6%)**
EBITDA margin (EBITDA/total revenue)	45.1%	44.4%	0.7p.p.	0.6p.p.	43.9%	49.6%	(5.7p.p.)	(5.8p.p.)
EBITDA Adjusted	898	987	(9.0%)	**0.1%**	2,627	2,892	(9.2%)	**(3.1%)**
EBITDA margin Adjusted (EBITDA Adjusted/total revenue)	45.1%	44.4%	0.7p.p.	0.6p.p.	43.9%	44.0%	(0.1p.p.)	(0.2p.p.)
Profit for the period	(645)	30	n.m.		(350)	635	n.m.	
Profit for the period attributable to VEON shareholders	(620)	35	n.m.		(357)	599	n.m.	
Equity free cash flow after licenses	301	265	13.5%		365	852	(57.2%)	
Operational capital expenditures	354	324	9.3%		1,214	1,163	4.5%	
Capex intensity (LTM Operational capital expenditures/revenue)	21.8%	17.0%	4.7p.p.		21.8%	17.0%	4.7p.p.	
Net debt (excl. lease liabilities)	5,901	6,275	(6.0%)		5,901	6,275	(6.0%)	
Net debt/LTM EBITDA (excl. lease liabilities)	1.9	1.7	0.2		1.9	1.7	0.2	
Total mobile subscribers (millions)	207	212	(2.0%)		207	212	(2.0%)	
Total fixed-line broadband subscribers (millions)	4.4	4.0	9.4%		4.4	4.0	9.4%	

Note: in the above table EBITDA Adjusted for 9M19 excludes special compensation of USD 38 million and other operating income of USD 350 million (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)

KEY RECENT DEVELOPMENTS

- In September, the Dhabi Group exercised its put option to sell VEON its 15% shareholding in Jazz Pakistan; the transaction is expected to close during the current financial year
- Second ruble-denominated bond issuance under the Group's Global Medium-Term Note (MTN) program closed in September, with proceeds of RUB 10 billion at 6.5% for unsecured notes due in 2025
- Beeline Kazakhstan signed its network sharing partnership in support of the rural broadband initiative which aims to bridge the digital divide across the country's rural initiatives
- VEON acquired strategic stake in ShopUp, Bangladesh's leading full-stack B2B commerce platform
- Shareholders trading on Nasdaq will no longer be subject to annual depository fee
- New governance model adopted, Chief Internal Audit & Compliance Officer appointed
- Concluded an agreement for the sale of Armenia operations
- Yaroslav Glazunov appointed to the Board of Directors as an alternate director for Alexander Pertsovsky

For a discussion of how we define and calculate the non-IFRS financial measures used in this document, including EBITDA, EBITDA margin, EBITDA Adjusted and EBITDA Adjusted margin, Net Debt, Equity Free Cash Flow (after licenses), Operational Capital Expenditures ("Operational capex"), Capex Intensity, local currency [measures], ARPU, see Attachment A "Definitions" on page 18. 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.

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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, EBITDA Adjusted and EBITDA Adjusted margin, Net Debt, Equity Free Cash Flow (after licenses), Operational Capital Expenditures, Capex Intensity, local currency measures, ARPU are reconciled to the comparable IFRS measures in Attachment C on page 20.

NON-RECURRING ITEMS THAT AFFECT YEAR-ON-YEAR COMPARISONS

1. In 1Q19, VEON recorded a one-off vendor payment to the Company of USD 350 million, which was accounted for as other income and is reflected in EBITDA.
2. 2Q19 revenue and EBITDA were positively impacted by USD 38 million received in relation to the termination of a network sharing agreement in Kazakhstan between our subsidiary KaR-Tel LLP and Kcell Joint Stock Company ("Kcell") following Kazakhtelecom JSC's acquisition of 75 percent of Kcell's shares.

3Q20 EBITDA was positively impacted by USD 52 million of a reversal of a provision in Pakistan. Please refer to Note 1 of our unaudited interim condensed consolidated financial statements for further details.

Local currency year-on-year trends for 9M20 disclosed in this earnings release exclude the impact of foreign currency movements (see full definition in Attachment A) and also exclude the impact of a USD 38 million positive one-off item recorded in 2Q19 in revenue. The first two one-off items listed above are excluded from the EBITDA Adjusted figure.

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 Pakistan Telecommunications Authority. As of 29 October, Jazz is currently awaiting the PTA's decision following a hearing on 25 June 2020 in which Jazz presented its case regarding Jazz's crediting of administration fees and withdrawal of the show cause notice issued to Jazz by the PTA. For further background, on the "suo moto order" and the subsequent discussions with the PTA, see our 2Q20 earnings release dated 6 August 2020.

The effect of these changes is not excluded from the local currency year-on-year trends (except for administration fees highlighted above), since it is wide-ranging in its impact and applicable for a number of reporting periods, but is detailed here for explanatory purposes.

MAIN EVENTS

The Dhabi Group exercised its put option to sell VEON its 15% shareholding in Jazz Pakistan

On 24 September 2020, VEON's partner in Pakistan, the Dhabi Group, exercised its put option to sell VEON its 15% shareholding in PMCL, the operating company of Pakistan's leading mobile operator, Jazz. The transaction, which requires independent valuation to determine the fair value of the shareholding, is expected to close in 4Q 2020.

Second Russian ruble-denominated bond issuance under VEON's Global Medium-Term Note program and refinancing of VTB loan

On 11 September 2020, VEON Holdings B.V. ("VEON Holdings"), a subsidiary of VEON Ltd. issued RUB 10 billion (approximately USD 135 million) 6.50% senior unsecured notes due 2025 under its Global Medium Term Note Programme established in April 2020 (the "GMTN Programme"), which represents the Issuer's second Russian ruble-denominated bond offering under its GMTN Programme and attracted strong interest from a broad range of investors internationally. VEON used the proceeds of the notes to repay debt.

In addition, on 9 July 2020, VEON Holdings refinanced its existing RUB 30 billion (approximately USD 422 million) bilateral term loan agreement with VTB Bank. This refinancing extends the maturity and reduces the cost of the existing loan between VTB Bank and VEON Holdings.

Beeline Kazakhstan signed network sharing partnership in support of rural broadband initiative

On 6 October 2020, VEON announced that its operating company in Kazakhstan, which provides services under the Beeline brand, entered into a network sharing partnership that unites the nation's three mobile telecom providers in the delivery of high-speed internet to rural communities. The agreement brings Beeline together with Kcell and Tele2 in support of the nation's 250+ project, which aims to extend high-speed internet to all villages with a population of 250 or more. Once complete, the project will see almost 1,000 rural settlements with a combined population of 600,000 offered 3G and 4G connections by all three operators.

The 250+ initiative, for which the infrastructure deployment started immediately, enables rural residents to receive mobile services on competitive terms and select a service provider of their choice. In turn, each mobile operator will enjoy equal access to the shared network.

VEON acquired strategic stake in Bangladesh's leading full-stack B2B commerce platform, ShopUp

VEON Ventures, has joined Sequoia Capital India and Flourish Ventures as investors in ShopUp, Bangladesh's leading full-stack B2B commerce platform for small businesses, becoming ShopUp's first strategic corporate investor.

The investment enables VEON Ventures to support ShopUp's fast-growing digital ecosystem for micro, small and medium-sized enterprises, which form a vital backbone of Bangladesh's economy, as well as providing significant opportunities for developing mobile financial services for ShopUp's users.

Shareholders trading on Nasdaq no longer subject to annual depository fee

From 1 January 2021 holders of VEON American Depositary Shares ("ADSs") trading on Nasdaq will no longer be subject 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.

Concluded an agreement for the sale of Armenia operations

On 29 October 2020, VEON announced that it has concluded an agreement for the sale of CJSC "VEON Armenia", VEON's operating subsidiary in Armenia, to Team LLC for a consideration of USD 51 million. It is anticipated that the transaction will close shortly.

The sale of our Armenian operations is in line with VEON's ambition to simplify the Group's structure and enhance its operational focus on markets with attractive long-term growth opportunities. The value of the transaction equates to an EV/EBITDA multiple of 2.9x based on 2019 reported EBITDA.

New Governance Model adopted

In 3Q20, in connection with our new operating model, the VEON Board of Directors (the "VEON Board") approved a new governance model, or Group Authority Matrix, under which the VEON Board and the co-CEOs have delegated to each VEON operating company considerable authority to operate their businesses. Specifically, each operating company is accountable for operating its own business subject to oversight by their respective operating company boards and the VEON Board; and they are also obligated to operate in accordance with Group policy and controls framework. The new governance model forms the cornerstone of governance and delegation of authority across the Group.

In October 2020, Joop Brakenhoff has been appointed to the position of Chief Internal Audit & Compliance Officer. He reports to co-CEOs and also has a reporting line to the Chairman of the Audit & Risk Committee.

Yaroslav Glazunov appointed to the Board of Directors as an alternate director for Alexander Pertsovsky

On 28 October, VEON appointed Yaroslav Glazunov to the Company's Board of Directors as an alternate director for Alexander Pertsovsky. Mr. Pertsovsky has been a member of the VEON Board since January 2018. Mr. Glazunov joined Spencer Stuart in January 2014 and is a managing partner at Spencer Stuart International based in Moscow. Prior to joining Spencer Stuart, he was a partner at Heidrick & Struggles in Moscow. He has been in the global leadership advisory business for 20 years, focusing on CEO succession, efficiency and performance. As a partner at one of the top worldwide leadership consulting firms, he has worked extensively with corporate boards and founders of companies in Europe, India and Russia. He holds a master's degree in management from Plekhanov University. He previously completed a leadership program at INSEAD in Fontainebleau, France, and an executive program at Singularity University in Silicon Valley, California.

FY 2020 guidance maintained

VEON confirms FY 2020 financial guidance and anticipates a low to mid-single-digit local currency YoY decline in both Group revenue and EBITDA, and Capex Intensity of 22-24%. Our guidance assumes that the gradual lifting of lockdown measures in VEON's operating markets will continue, supporting a steady recovery in operations in the remainder of the financial year. The YoY change anticipated in this guidance excludes 2019 exceptional items; namely, other operating income of USD 350 million related to one-off vendor payment recorded in 1Q19 and special compensation of USD 38 million received in Kazakhstan recorded in 2Q19. VEON's management anticipates no dividend payment for FY2020.

GROUP PERFORMANCE

Although VEON's operations remained impacted by lockdown measures throughout 3Q20, a gradual lifting of restrictions enabled the commencement of more normalized economic activity and a sequential recovery in the performance of our operating markets. As a result, we recorded strong QoQ improvements in revenue and EBITDA in 3Q20.

All our countries still face some restrictions on travel, which have impacted roaming revenues and led to the loss of migrant customers from our subscriber base, particularly in Russia. Conversely, demand for our data services remains strong, enabling us to continue to grow our data revenues at a double-digit pace.

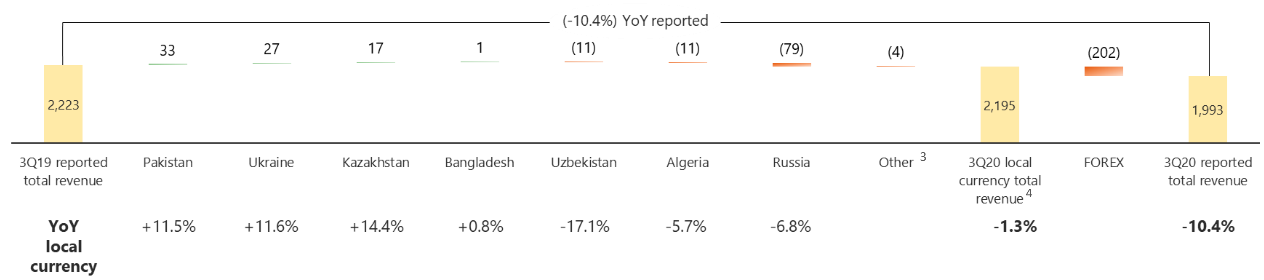
In 3Q20 reported **total revenue** decreased by 10.4% YoY mainly due to currency headwinds. In local currency terms total revenue decreased by 1.3% YoY. All VEON operations improved YoY trends in 3Q20 compared to the YoY dynamics reported in 2Q20 as strict lockdowns were lifted in all of our geographies. Russia continued to report a decline in revenue as a result of a 68% YoY fall in roaming due to travel restrictions, as well as a YoY decrease in customer numbers. However, reinvestment in our network in Russia continued and we anticipate further improvement in operational KPIs including network performance metrics and subscriber trends in the first half of 2021 with positive YoY growth in Russian total revenue during the period. Pakistan, Ukraine and Kazakhstan recorded double-digit revenue YoY local currency growth in 3Q20. Bangladesh is back to positive YoY revenue growth in local currency in 3Q20 and while Algeria's revenue is still declining YoY in 3Q20, the company is outperforming its competitors in what remains a challenging market.

EBITDA decreased by 9% YoY in 3Q20, due to currency headwinds. In local currency terms EBITDA increased by 0.1% YoY, as Ukraine and Kazakhstan recorded double-digit EBITDA YoY local currency growth, while Pakistan 3Q20 EBITDA includes a positive one-off item of USD 52 million related to the reversal of a provision. In 3Q20 Russia EBITDA was negatively affected by decreases in revenue and higher network costs as a result of an aggressive 4G network rollout. Algeria and Bangladesh significantly improved YoY local currency dynamics in EBITDA in 3Q20 compared to 2Q20. Group EBITDA, excluding the positive one-off item of USD 52 million discussed above, declined by 5.5% YoY in local currency.

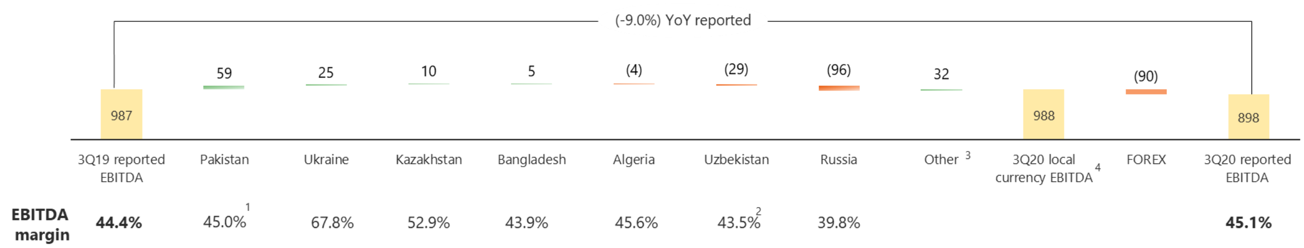
VEON's HQ and elimination segment consists largely of corporate costs. As a result of the new operating model that has been implemented with a lean, small HQ, the costs of this segment declined significantly.

For the table with performance by country see page 9, where "Other" includes the results of Kyrgyzstan, Georgia and Armenia.

3Q 2020 Revenue development YoY (USD million)



3Q 2020 EBITDA development YoY (USD million)



1. In 3Q20 a USD 52 million reversal of a provision was accounted in Pakistan EBITDA. It was adjusted in Pakistan EBITDA Margin on the graph above
2. In 3Q20 a USD 15 million certain provision was recorded at Uzbekistan EBITDA, the EBITDA Margin on the graph above is adjusted by this amount
3. Other primarily includes the results of Kyrgyzstan, Armenia, Georgia, corporate costs, other global operations and services, Intercompany eliminations
4. Local currency excludes the effect of foreign currency movements

INCOME STATEMENT & CAPITAL EXPENDITURES

USD million	3Q20	3Q19	YoY reported	9M20	9M19	YoY reported
Total revenue	1,993	2,223	(10.4%)	5,981	6,609	(9.5%)
Service revenue	1,856	2,076	(10.6%)	5,629	6,161	(8.6%)
EBITDA	898	987	(9.0%)	2,627	3,280	(19.9%)
EBITDA margin	45.1%	44.4%	0.7p.p.	43.9%	49.6%	(5.7p.p.)
Depreciation, amortization, impairments and other	(1,265)	(603)	n.m.	(2,260)	(1,644)	n.m.
EBIT (Operating Profit)	(367)	384	n.m.	367	1,636	n.m.
Financial income and expenses	(172)	(233)	26.4%	(548)	(626)	12.6%
Net foreign exchange (loss)/gain and others	6	(20)	175.0%	(15)	(29)	79.6%
Other non operating gains / losses	(1)	0	n.m.	101	14	n.m.
Profit before tax	(534)	130	n.m.	(96)	995	n.m.
Income tax expense	(111)	(100)	(11.3%)	(255)	(360)	29.2%
Profit for the period	(645)	30	n.m.	(350)	635	n.m.
Of which Profit/(Loss) attributable to NCI	25	4	n.m.	(7)	(36)	n.m.
Of which Profit/(Loss) attributable to VEON shareholders	(620)	35	n.m.	(357)	599	n.m.

	3Q20	3Q19	YoY reported	9M20	9M19	YoY reported
Capex	437	397	10.0%	1,425	1,397	2.0%
Operational capex	354	324	9.3%	1,214	1,163	4.5%
Capex intensity (LTM Operational capex/revenue)	21.8%	17.0%	4.7p.p.	21.8%	17.0%	4.7p.p.

Note: prior year comparatives for capital expenditures are adjusted to reflect correct IFRS 16 impact of prior periods.

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

Depreciation and amortization charges were broadly stable YoY. **Impairments** of USD 790 million in 3Q 2020, of which USD 723 million of goodwill in Russia.

Goodwill is tested for impairment annually (at October 1) 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. In addition to the above, the Company also considered the impact of COVID-19 when reviewing for indicators of impairment (refer Note 1 in the Financial Statements for 9 months 2020 for further details). 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, 2019.

In recent years, Beeline Russia has seen a decline in its subscriber and revenue market share on the back of competitive pressures in the market, which have impacted both revenues and profitability. This underperformance has negatively impacted the fair value of our Russian business, and over time has eroded the existing headroom over the book value of the business. The impact of a weaker Russian RUB, along with ongoing COVID lockdowns and the associated travel restrictions, have had a negative impact on consumer spending, which weakened during the quarter. Together with a slower than anticipated recovery in Beeline’s ARPU, which has in turn impacted our future projected revenue, as well as the low market capitalization of the Group, a revision to our previous estimates has been deemed necessary.

Based on these revisions, VEON recorded an impairment of USD 723 million against the carrying value of goodwill in Russia in the third quarter of 2020. Management anticipates further improvement in operational KPIs including network performance metrics and subscriber trends in the first half of 2021 with positive YoY growth in Russian total revenue during the period.

Financial income and expenses decreased YoY as a result of a lower average cost of debt. At the end of 3Q20, average cost of debt was 6.1%, which is 119bps lower compared to average cost of debt at the end of 3Q19.

Income tax expense increased by 11% YoY in line with year-on-year change in net profit excluding non-tax deductible impairments.

The group recorded **loss for the period of USD 645 million**, mainly due to non-cash impairments described above. Profit for the period, before non-cash impairments was USD 145 million, a 20% YoY increase, mainly as a result of lower interest expenses.

Operational Capex was USD 354 million in 3Q20, up from the USD 324 million recorded in 3Q19, due mainly to VEON’s focus on its 4G network investment program. Capex intensity over the last twelve months was 21.8%.

FINANCIAL POSITION & CASH FLOW

USD million	3Q20	2Q20	QoQ
Total assets	13,110	14,735	(11.0%)
Shareholders' equity	(26)	812	n.m.
Gross debt	8,602	9,353	(8.0%)
Gross debt excl. lease liabilities	6,982	7,576	(7.8%)
Net debt	7,520	8,166	(7.9%)
Net debt (excl.lease liabilities)	5,901	6,390	(7.7%)
Net debt/LTM EBITDA	2.1	2.2	
Net debt/LTM EBITDA (excl.lease liabilities)	1.9	2.0	

USD million	3Q20	3Q19	YoY	9M20	9M19	YoY
Net cash from/(used in) operating activities	775	736	39	1,875	2,286	(411)
Net cash from/(used in) investing activities	(386)	92	(479)	(1,410)	(1,387)	(23)
Net cash from/(used in) financing activities	(613)	(888)	275	(694)	(1,468)	775

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

Total assets and shareholders' equity decreased QoQ mainly due to impairments described above.

Gross debt decreased in 3Q20 compared to 2Q20 as a result of depreciation of the RUB against the USD and as a result of a net repayment of debt, including all amounts outstanding under VEON's Revolving Credit Facility. In July 2020, VEON Holdings refinanced its existing RUB 30 billion (approximately USD 422 million) bilateral term loan agreement with VTB Bank. In September, VEON Holdings B.V. issued a RUB 10 billion (approximately USD 135 million) 6.50% senior unsecured notes due 2025, under its GMTN Programme. VEON used the proceeds of the notes as well as available liquidity to repay debt.

Net debt (excluding lease liabilities) decreased QoQ in 3Q20 to USD 5,901 million due to foreign exchange movements and improvements in operations and EBITDA as strict lockdown measures were eased across our markets. As a result, the net debt (excl. lease liabilities) to LTM EBITDA ratio was 1.9x in 3Q20.

Net cash from operating activities was broadly stable in 3Q20 against the previous year, as negative headwinds in EBITDA were offset by positive movements in working capital.

Net cash flow used in investing activities was USD 386 million in 3Q20 is a result of the Group investment in high-speed data networks. Net cash flow used in investing activities in Q3 2019 was affected by the release of the GTH MTO settlement deposit of USD 668 million, offset by the payment of 50% of the disputed license renewal fee in Pakistan (approximately USD 225 million) as security (under protest) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal.

Net cash used in financing activities was USD 613 million in 3Q20, primarily as a result of movements in the gross debt as described above.

COUNTRY PERFORMANCE

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

Key figures by countries

USD million	3Q20	3Q19	YoY reported	YoY local currency	9M20	9M19	YoY reported	YoY local currency
Total revenue	1,993	2,223	(10.4%)	(1.3%)	5,981	6,609	(9.5%)	(2.7%)
Russia	946	1,157	(18.2%)	(6.8%)	2,874	3,329	(13.7%)	(6.4%)
Pakistan	303	286	5.9%	11.5%	908	996	(8.9%)	(0.1%)
Ukraine	236	231	2.1%	11.6%	696	630	10.5%	11.4%
Algeria	173	197	(12.1%)	(5.7%)	519	577	(10.0%)	(5.2%)
Bangladesh	136	135	0.5%	0.8%	403	406	(0.6%)	0.2%
Kazakhstan	122	115	5.6%	14.4%	351	368	(4.8%)	1.9%
Uzbekistan	48	66	(27.2%)	(17.1%)	151	197	(23.5%)	(11.9%)
Other	37	46	(20.5%)	(15.6%)	105	130	(18.9%)	(14.6%)
HQ and Eliminations	(8)	(11)	28.5%		(25)	(25)	(1.9%)	
Service revenue	1,856	2,076	(10.6%)	(1.6%)	5,629	6,161	(8.6%)	(2.4%)
Russia	843	1,039	(18.9%)	(7.6%)	2,615	3,013	(13.2%)	(6.0%)
Pakistan	278	265	5.0%	10.6%	837	926	(9.6%)	(0.9%)
Ukraine	234	230	2.0%	11.5%	693	627	10.5%	11.4%
Algeria	172	197	(12.4%)	(6.0%)	516	575	(10.3%)	(5.5%)
Bangladesh	133	133	0.5%	0.9%	396	397	(0.3%)	0.4%
Kazakhstan	120	115	4.3%	13.0%	346	328	5.6%	13.0%
Uzbekistan	48	66	(27.1%)	(17.1%)	150	196	(23.6%)	(12.1%)
Other	35	43	(19.2%)	(13.9%)	101	123	(17.5%)	(13.0%)
HQ and Eliminations	(8)	(11)	29.2%		(25)	(24)	(2.3%)	
EBITDA	898	987	(9.0%)	0.1%	2,627	3,280	(19.9%)	(14.6%)
EBITDA Adj.	898	987	(9.0%)	0.1%	2,627	2,892	(9.2%)	(3.1%)
Russia	377	525	(28.3%)	(18.3%)	1,161	1,491	(22.2%)	(15.9%)
Pakistan	188	140	34.4%	41.2%	468	509	(8.0%)	1.1%
Ukraine	160	149	6.9%	16.9%	472	405	16.6%	17.6%
Algeria	79	89	(11.4%)	(5.0%)	224	262	(14.4%)	(9.9%)
Bangladesh	60	55	8.0%	8.4%	173	170	1.8%	2.6%
Kazakhstan	64	60	8.3%	17.3%	188	212	(11.1%)	(4.7%)
Uzbekistan	6	36	(84.1%)	(81.9%)	51	103	(50.1%)	(43.3%)
Other	8	17	(54.5%)	(52.6%)	32	45	(28.5%)	(24.8%)
HQ and Eliminations	(43)	(84)	48.5%		(143)	83	(271.2%)	
EBITDA Margin	45.1%	44.4%	0.7p.p.	0.6p.p.	43.9%	49.6%	(5.7p.p.)	(5.8p.p.)
EBITDA Adj. Margin	45.1%	44.4%	0.7p.p.	0.6p.p.	43.9%	44.0%	(0.1p.p.)	(0.2p.p.)

RUSSIA

The key focus of the Beeline Russia team remains investing in the customer experience including digital services while stabilising the business' operating performance as we anticipate further improvement in operational KPIs including network performance metrics and subscriber trends in the first half of 2021 with positive YoY growth in Russian total revenue during the period.

RUB million	3Q20	3Q19	YoY	9M20	9M19	YoY
Total revenue, incl.	69,580	74,690	(6.8%)	202,551	216,491	(6.4%)
-mobile service	52,445	58,320	(10.1%)	156,387	170,246	(8.1%)
-fixed-line service	9,552	8,767	9.0%	27,884	25,734	8.4%
EBITDA	27,685	33,886	(18.3%)	81,602	96,993	(15.9%)
EBITDA margin	39.8%	45.4%	(5.6p.p.)	40.3%	44.8%	(4.5p.p.)
Capex excl. licenses	20,100	14,647	37.2%	51,762	51,653	0.2%
Capex intensity	28.0%	21.8%	6.2p.p.	28.0%	21.8%	6.2p.p.
Mobile						
Total revenue	59,917	65,845	(9.0%)	174,326	190,599	(8.5%)
Mobile data revenue	16,946	16,220	4.5%	49,446	46,676	5.9%
Subscribers (mln)	49.7	54.8	(9.2%)			
Data users (mln)	32.4	36.4	(11.0%)			
ARPU (RUB)	350	353	(0.8%)			
MOU (min)	327	294	11.1%			
MBOU (MB)	9,355	5,759	62.4%			
Fixed-line						
Total revenue	9,663	8,845	9.2%	28,225	25,891	9.0%
Broadband revenue	2,831	2,728	3.8%	8,358	8,100	3.2%
Subscribers (mln)	2.8	2.5	8.9%			
ARPU (RUB)	345	361	(4.2%)			

Total revenue declined by 7% YoY, which is a slight improvement compared to the previous quarter (decline of 10% YoY in 2Q20), principally as a result of an increase in handsets sales once most stores were reopened. Mobile service revenue declined by 10% YoY which reflected a 68% YoY decline in roaming revenue (which was 4.0% of service revenue in 3Q19) due to travel restrictions and a decline in content revenue by 21% YoY as Beeline is taking measures to eliminate unrequested services from content providers to its customers, which has proven to have a positive impact on the Net Promoter Score. These were partially offset by positive YoY performance in fixed-line service revenue, which grew by 9% YoY, as customers continued to draw on fixed-line data at home.

Business customers remained a strong focus, **with B2B revenue** increasing by 4.8% YoY as Beeline continued to enhance its offering with new digital offers and solutions. With a significant portion of B2B customers still working from home, Beeline's BeeFree product, which provides IT, communications and HR-solutions based on a Workplace-as-a-Service concept, remained popular. In addition, Big Data (including Artificial Intelligence) revenue grew by 103.7% YoY mainly driven by expansion of geo- and video analytical services. In September, Beeline acquired the telecom operator WestCall, which operates in Moscow with a portfolio of FTTB, IP and Cloud solutions, serving almost 10,000 partners.

Beeline's total mobile customer base declined by 9% YoY in 3Q20, due to the previous network quality and service issues that affect customer perception. However, Beeline managed to stabilise customer numbers which ended the quarter broadly flat versus 2Q20. Beeline Russia is successfully growing its 4G user base, which expanded by 10% YoY in Q3, helped by a switch back to high-speed mobile data networks after last quarter's strict lockdowns.

Beeline TV monthly active users increased to 2.5 million in 3Q20 (41% YoY). In 3Q20 Beeline launched a new content offer, as well as, targeted customer propositions.

Beeline focuses its distribution through online channels with a focus on self-registration products. The self-care monthly active users increased by 33% YoY, which reflects Beeline efforts to move to the new distribution model with application as e-shop concept. In line with the plans to enhance retail efficiency and place a greater emphasis on online retail distribution, Beeline has permanently closed a total of 637 stores over the last twelve months. Beeline does not have any immediate plans to close further retail stores, though the company expects the rising trend of online sales and potentially to positively affect the overall market to enable a more balanced and cost-efficient distribution footprint with fewer retail points in the future.

EBITDA decreased by 18% YoY, primarily driven by lower revenue, as well as higher structural costs in relation to the increased network investment and higher interconnection costs due to the increased ratio of off-net traffic. In addition, in 3Q19, Beeline reversed certain provisions which also had a negative impact on YoY comparisons.

Capex excluding licenses increased by 37.2% YoY in 3Q20**.** Capex intensity was 28%, reflecting continued high levels of network investment throughout 3Q20. Beeline increased the number of 4G base stations by 23% YoY as at 30 September 2020. A strong separate focus was maintained on major cities, particularly Moscow and St. Petersburg, to ensure high quality infrastructure that is ready to integrate new technologies. In Moscow, data speeds in 4G network improved by 18%, alongside the roll-out of 5G-ready equipment and 4G launch in the Moscow subway. Nationwide 4G population coverage increased to 87% (versus 84% in 3Q19) as Beeline remained committed to ongoing investments in network improvement in order to provide customers with consistently high levels of service irrespective of their location.

UKRAINE

Kyivstar continues to demonstrate double-digit growth in both revenue and EBITDA driven by the continued focus on 4G connectivity and digitalizing solutions for its customers. While the medium-term outlook remains encouraging there is some caution over the immediate short-term given the uncertainty of further COVID-19 restrictions with an adaptive quarantine in place until the end of 2020.

UAH million	3Q20	3Q19	YoY	9M20	9M19	YoY
Total revenue, incl.	6,502	5,828	11.6%	18,461	16,577	11.4%
- mobile service	6,065	5,466	11.0%	17,189	15,486	11.0%
- fixed-line service	399	333	19.9%	1,172	995	17.8%
EBITDA	4,411	3,772	16.9%	12,527	10,652	17.6%
EBITDA margin	67.8%	64.7%	3.1p.p.	67.9%	64.3%	3.6p.p.
Capex excl. licenses	1,185	1,370	(13.5%)	4,299	3,505	22.7%
Capex intensity	24.3%	19.7%	4.6p.p.	24.3%	19.7%	4.6p.p.
Mobile						
Total operating revenue	6,065	5,466	11.0%	17,189	15,486	11.0%
- of which mobile data	3,443	2,799	23.0%	9,596	8,037	19.4%
Customers (mln)	25.8	26.4	(2.2%)			
Data customers (mln)	16.8	16.3	3.4%			
ARPU (UAH)	78	69	14.5%			
MOU (min)	621	566	9.7%			
Data usage (MB/user)	5,953	3,969	50.0%			
Fixed-line						
Total operating revenue	399	333	19.9%	1,172	995	17.8%
Broadband revenue	259	216	20.2%	765	640	19.5%
Broadband customers (mln)	1.1	1.0	10.0%			
Broadband ARPU (UAH)	81	74	9.7%			

Total revenue for Kyivstar returned to double-digit growth, up 12% YoY in 3Q20, mainly as a result of ARPU expansion on the back of strong 4G adoption, which accelerated after the lockdown eased and users turned back to mobile data. Mobile service revenue increased by 11% YoY, supported by the marketing activities and strong growth in data consumption, resulting in mobile data revenue growth of 23% YoY. In 3Q20, fixed-line service revenue increased by 20% YoY, as customers continued to draw on fixed-line data at home, while Kyivstar focused on FTTB rollout to address this growing demand.

The **revenue from the B2B segment** increased by 3% YoY in 3Q20, as the Company introduce new digital solutions for its business customers. Kyivstar is now offering Microsoft Azure Stack, one of the most popular cloud services for business, that allows the transfer of computing of almost any complexity to remote facilities. For medium, small and start-up companies Kyivstar announced 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 decline due to the lower gross additions during 2Q20 when the strict lockdown measures resulted in the partial closure of Kyivstar stores. In 3Q20, Kyivstar demonstrated growth of 2% compared to 2Q20, which was supported by the strong growth in the 4G segment with users up 21% QoQ. As a result, data penetration continued to increase, with 4G user base penetration of 36%, and total 4G users at 9.4 million in 3Q20, representing a significant YoY increase of 50%. The growth in the 4G users and the associated increase in data usage drove an ARPU increase of 15% YoY.

Recent lockdowns have accelerated **digital adoption**. In 3Q20, the number of MyKyivstar self-care users was at 2.3 million, which was up 52% YoY while for the Kyivstar TV service has recorded 250,000 users, reflecting a YoY increase of 37%.

EBITDA increased by 17% YoY, resulting in an EBITDA margin of 68%. This strong growth in EBITDA was supported by the solid revenue performance in the quarter as well as lower commercial costs, which were partially offset by higher structural opex.

While **Capex** excluding licenses decreased by 14% YoY, capex excluding licenses in the 9 months YTD has increased by some 23% YoY with Capex intensity of 24% in 3Q20. Kyivstar's strategic focus included further 4G roll-out during the quarter, driving 4G population coverage of 84%. Kyivstar and Vodafone continue with 4G mobile network sharing in rural areas and on highways.

PAKISTAN

Jazz delivered a strong quarter, reporting solid growth in revenues amid encouraging signs of recovery following 2Q'20 lockdowns. In Pakistan, which we consider to be one of most exciting markets in our portfolio, Jazz continued its strategic focus of expanding its digital services to drive further growth.

PKR million	3Q20	3Q19	YoY	9M20	9M19	YoY
Total revenue	50,678	45,446	11.5%	147,014	147,153	(0.1%)
Mobile service revenue	46,451	42,016	10.6%	135,596	136,816	(0.9%)
of which mobile data	17,931	14,303	25.4%	49,838	40,423	23.3%
EBITDA	31,429	22,254	41.2%	75,987	75,168	1.1%
EBITDA margin	62.0%	49.0%	13.1p.p.	51.7%	51.1%	0.6p.p.
Capex excl. licenses	3,707	4,845	(23.5%)	28,847	21,889	31.8%
Capex intensity	20.1%	14.1%	6.0p.p.	20.1%	14.1%	6.0p.p.
Mobile						
Customers (mln)	64.2	59.2	8.5%			
Data customers (mln)	43.1	38.3	12.7%			
ARPU (PKR)	242	234	3.3%			
MOU (min)	469	489	(4.1%)			
Data usage (MB/user)	3,941	2,119	86.0%			

Total revenue growth of 12% YoY includes the administration fee reversal recorded in 3Q19 relating to the 'suo moto order' tax regime changes (see detailed description in the section "Non-recurring items that affect year-on-year comparisons" on page 4). Adjusting for these, revenues grew by 7% YoY. This rise was underpinned by another strong quarter for mobile data revenue, which grew by 25% YoY. Expansion in our 4G user base led this growth, increasing during the quarter by 3 million new users as the relaxation of lockdown restrictions encouraged strong growth in 4G SIM sales, which grew by 37% (compared to 2Q20). Jazz's 4G penetration rate reached 35% during the quarter, a marked acceleration from the 30% penetration recorded in 2Q20 and a rise of 70% in 4G users versus 3Q19.

Additional users contributed to an almost 9% expansion in Jazz's **total customer base** during the quarter to 64 million, as well as an encouraging rise in ARPU of 3% YoY. These trends reflect Jazz's commercial strategy of focusing on higher quality of sales in order to further improve the customer mix of its subscriber base, leveraging network quality and higher bundle penetration to drive this.

Our leading **digital financial services** business in Pakistan, JazzCash, experienced another strong quarter. The impact of the State Bank of Pakistan's temporary removal of fees on money transfers impacted JazzCash's total revenues, which declined by 8.7% YoY, but operationally the business continued to enjoy strong momentum. JazzCash's user base saw double-digit growth, exiting the quarter with 9.7 million monthly active users (up 56% YoY) and 23 million registered wallets (+46% YoY), and is on track to surpass the 10 million monthly active user milestone in early-4Q20.

Jazz's self-care app, Jazz World, continued to enjoy strong levels of customer adoption. Its monthly active user base is up 158% YoY, reaching 6.6 million and cementing its position as the largest telecom app in Pakistan. Our content services also enjoyed further growth, with Jazz TV's monthly active user base rising to over 1 million, representing YoY growth of 85%.

EBITDA increased by 41% YoY, mainly due to the reversal of a prior period provision in 3Q20 of PKR 8.6 billion. Excluding this, EBITDA growth was 2.4% YoY, supported by revenue growth (including the administration fee reversal mentioned above). In addition, as in the prior periods, in 3Q20 EBITDA was affected by the re-classification of amortization of the Ex-Warid license from below EBITDA to service costs (PKR 0.7 billion) in connection with a payment made in the form of security (under protest) as per the options given in the PTA's license renewal order.

Capex excluding licenses was PKR 3.7 billion in 3Q20, equivalent to capex intensity of 20.1% versus 14.1% in 3Q19. Within this, 4G network investment continued to be the principal focus, the population coverage of which reached 56% during the quarter, compared to 49% in 3Q19.

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 the form of security (under protest) as per the options given in the PTA's order. In September 2019, Jazz deposited approximately USD 225 million in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. On 18 May 2020, Jazz deposited a further payment of USD 57.5 million (under protest) as security. The Court heard arguments on 21 October 2020 and the matter has been adjourned for a further hearing on 29 October 2020.

KAZAKHSTAN

Beeline Kazakhstan continues to be one of our fastest-growing markets in VEON’s portfolio underpinned by strong demand for data services. Beeline continued to focus on customer base value management throughout the quarter in order to minimise 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 via Beeline’s expanding 4G network.

KZT million	3Q20	3Q19	YoY	9M20	9M19	YoY
Total revenue, incl.	50,949	44,546	14.4%	143,264	140,528	1.9%
- mobile service	41,643	38,191	9.0%	118,192	106,578	10.9%
- fixed-line service	8,380	6,092	37.6%	23,255	18,573	25.2%
EBITDA	26,933	22,965	17.3%	76,885	80,708	(4.7%)
EBITDA margin	52.9%	51.6%	1.3p.p.	53.7%	57.4%	(3.8p.p.)
Capex excl. licenses	7,151	729	881.4%	31,403	28,870	8.8%
Capex intensity	24.4%	19.5%	4.9p.p.	24.4%	19.5%	4.9p.p.
Mobile						
Total operating revenue	42,547	38,436	10.7%	119,942	121,901	(1.6%)
- of which mobile data	21,025	15,534	35.3%	59,582	42,582	39.9%
Customers (mln)	9.7	10.2	(5.4%)			
Data customers (mln)	7.1	7.0	1.2%			
ARPU (KZT)	1,448	1,247	16.1%			
MOU (min)	336	315	6.7%			
Data usage (MB/user)	9,795	6,230	57.2%			
Fixed-line						
Total operating revenue	8,402	6,110	37.5%	23,322	18,626	25.2%
Broadband revenue	2,494	3,164	(21.2%)	6,919	9,571	(27.7%)
Broadband customers (mln)	0.5	0.4	15.2%			
Broadband ARPU (KZT)	2,726	2,609	4.5%			

Reported revenues grew by 14.4% YoY, underpinned by mobile service revenue growth of 9.0%. Data revenue grew 35.3% YoY, which continued to drive increase in total revenues, as Beeline accelerated the growth of its 4G user base (+21% YoY), which reached 50% of its total customer base for the first time during the quarter. This, in turn, was facilitated through a further expansion of Beeline’s 4G network which now reaches 75% of the nation’s population.

Demand for Beeline’s **digital services** remained strong throughout 3Q20. Beeline TV saw its monthly active user base (MAU) double YoY and our MyBeeline self-care app recorded a 94% rise in MAUs YoY. Beeline’s dedicated digital operator and mobile OTT services provider ‘Izi’ also saw further growth in its customer base and remains on track to roughly double this from current levels to 50,000 users by the end of 4Q20. Elsewhere, Beeline continues to connect new agents to the company’s mobile financial services platform. As a result, the wallet users grew by 59% YoY in 3Q20.

Despite the strong growth in Beeline’s 4G customers, **total customers** fell by 5% YoY during the quarter: a trend that continues to reflect the impact of IMEI registration on the industry’s user base following its formal introduction in November 2019. In the meantime, IMEI had a positive impact on customer churn, which fell from 54% in 3Q19 to 28% in 3Q20, alongside Beeline’s broader commercial initiatives to reinforce its customer proposition and leading market position. Longer term, IMEI registration requirement is expected to benefit Beeline by improving the quality of the company’s customer base by removing multi-SIM users and zero-ARPU customers.

Fixed-line service revenues remained strong during the quarter, growing by 37.6% YoY and underpinned by a further increase in our fixed broadband customer base of 15.2% YoY. Rising popularity of our convergent products contributed to this success, the customer base of which grew by 46,000 (+111% YoY) with approximately 19% of our fixed-line customers now using convergent products.

EBITDA rose by 17.3% YoY, driving a 1.3p.p. expansion in EBITDA margin to 52.9%, as a result of strong revenue performance.

Capex excluding licenses was KZT 7.2 billion and Capex intensity was 24.4%. In 3Q20 investments were mainly focused on expanding Beeline’s 4G network in order to satisfy the continued rise in high-speed data demand that characterises this growth market. The YoY increase in Capex excluding licenses is explained by low Capex in 3Q19 due to phasing with a significant increase in spending in 2019 for rollout a quarter earlier than planned, in 2Q19, after the termination of a network sharing agreement with Kcell and other factors related to IFRS16.

UZBEKISTAN

UZS bln	3Q20	3Q19	YoY	9M20	9M19	YoY
Total revenue	492.1	593.7	(17.1%)	149.3	169.6	(11.9%)
Mobile service revenue	488.0	588.8	(17.1%)	147.9	168.3	(12.1%)
- of which mobile data	266.0	271.1	(1.9%)	818.0	762.1	7.3%
Fixed-line service revenue	2.7	3.1	(11.6%)	8.7	10.0	(13.0%)
EBITDA	58.9	324.7	(81.9%)	503	887	(43.3%)
EBITDA margin	12.0%	54.7%	(42.7p.p.)	33.7%	52.3%	(18.6p.p.)
Capex excl. licenses	151.5	31.9	375.5%	446	404	10.5%
Capex intensity	26.7%	19.0%	7.8p.p.	26.7%	19.0%	7.8p.p.
Mobile						
Customers (mln)	6.8	8.4	(18.5%)			
- of which mobile data customers (mln)	4.7	5.3	(12.2%)			
ARPU (UZS)	23,087	22,463	2.8%			
MOU (min)	692	627	10.3%			
Data usage (MB/user)	4,192	2,276	84.2%			

Although strict lockdown restrictions related to the COVID-19 pandemic were eased In Uzbekistan, the situation continued to have an impact on the business and pricing pressure persisted. As a result, the customer base and revenue declined by 18.5% YoY and 17.1% YoY, respectively. 3Q20 EBITDA was negatively affected by a certain provision of UZS 155 billion.

Further improvements to our high-speed data networks will continue to be a priority for Beeline Uzbekistan as we move forward and increasing mobile data penetration continues to be the key long-term growth driver for us in the Uzbekistan market.

ALGERIA

DZD billion	3Q20	3Q19	YoY	9M20	9M19	YoY
Total revenue	22.3	23.6	(5.7%)	65.2	68.8	(5.2%)
Mobile service revenue	22.1	23.6	(6.0%)	64.8	68.6	(5.5%)
of which mobile data	8.3	7.2	15.4%	24.5	19.9	23.3%
EBITDA	10.1	10.0	(5.0%)	28.1	31.2	(9.9%)
EBITDA margin	45.6%	45.2%	0.4p.p.	43.2%	45.4%	(2.2p.p.)
Capex excl. licenses	3.4	2.6	28.9%	8.3	8.7	(4.4%)
Capex intensity	14.6%	15.6%	(1.0p.p.)	14.6%	15.6%	(1.0p.p.)
Mobile						
Customers (mln)	14.2	15.0	(5.0%)			
- of which mobile data customers (mln)	9.1	9.4	(3.1%)			
ARPU (DZD)	524	512	2.4%			
MOU (min)	488	421	16.0%			
Data usage (MB/user)	4,961	3,444	44.0%			

In Algeria, in an overall declining market, competition remained aggressive. Against this backdrop, Djezzy continued its segmented approach driving up its revenue market value while preserving and strengthening its share in the mass market segment. Djezzy repositioned itself towards a younger demographic through a digital-centric value proposition. The 5.7% YoY 3Q20 decline in revenue is explained by two factors: the 29% reduction in Djezzy's MT rate (from DZD 0.95 per minute down to 0.67) implemented by the Algerian Telecommunication Regulatory Authority in November 2019 as they reintroduced asymmetry, with Djezzy suffering the greatest impact; as well as the overall economic slowdown, due to the pandemic.

BANGLADESH

BDT billion	3Q20	3Q19	YoY	9M20	9M19	YoY
Total revenue	11.5	11.4	0.8%	34.2	34.2	0.2%
Mobile service revenue	11.3	11.2	0.9%	33.6	33.4	0.4%
of which mobile data	2.8	2.3	20.2%	8.4	6.8	23.0%
EBITDA	5.1	4.7	8.4%	14.7	14.3	2.6%
EBITDA margin	43.9%	40.9%	3.1p.p.	42.8%	41.8%	1.0p.p.
Capex excl. licenses	2.0	2.3	(11.4%)	7.9	5.4	46.0%
Capex intensity	23.4%	13.5%	9.9p.p.	23.4%	13.5%	9.9p.p.
Mobile						
Customers (mln)	32.8	33.1	(0.8%)			
- of which mobile data customers (mln)	20.5	19.0	7.9%			
ARPU (BDT)	116	113	2.7%			
MOU (min)	231	232	(0.4%)			
Data usage (MB/user)	2,326	1,523	52.7%			

Banglalink maintained solid operational momentum during the quarter with improvement in both revenue and EBITDA resulting in a positive YoY performance in 3Q20 compared to a YoY decline which was reported in 2Q20. Enhanced 4G network supported a 20.2% YoY growth in data revenue. Banglalink continued to actively 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 33.4% during 3Q20 compared to 2Q20 while Banglalink's video streaming app "Toffee" gained 1.5 million customers in nine months.

The Bangladesh tax authority introduced several changes to the local tax regime in June 2020. These include supplementary duty on mobile usage, which increased from 10% to 15%; an increase in the required deposit for filing an appeal to certain authorities' from 10% to 20% of the disputed tax; and a VAT Rebate on telecom equipment and accessories.

CONFERENCE CALL INFORMATION

On 29 October 2020, VEON will host a conference call by senior management at 14:00 CET (13:00 GMT), which will be made available through following dial-in numbers. The call and slide presentation may be accessed at http://www.veon.com.

14:00 CET investor and analyst conference call

US dial-in number:

+1 646 787 12 26

Confirmation ID: 8495915

UK and International dial-in number:

+44 (0) 203 0095709

Confirmation ID: 8495915

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.

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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 2020, 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 caused by recent volatility in oil prices in the wake of COVID-19; 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 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, 2019 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 after licenses (excluding capitalized leases), local currency growth, capital expenditures excluding licenses and LTM (last twelve months) capex excluding licenses/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

CONTENT OF THE ATTACHMENTS

For more information on financial and operating data for specific countries, please refer to the supplementary file Factbook3Q2020.xls on VEON's website at http://veon.com/Investor-relations/Reports--results/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. **Capex intensity** is a ratio, which is calculated as LTM capex divided by LTM revenue.

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

Equity free cash flow (excluding licenses) is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, excluding M&A transactions, capex for licenses, 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 capitalised 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 debt excluding lease obligations** is a net debt less capitalised leases.

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.

Total revenue in this document is fully comparable with Total operating revenue in our Management's Discussion and Analysis of Financial Condition and Results of Operations" provided separately on Form 6-K.

ATTACHMENT B: CUSTOMERS

	Mobile					Fixed-line broadband				
million	3Q20	2Q20	3Q19	QoQ	YoY	3Q20	2Q20	3Q19	QoQ	YoY
Russia	49.7	49.8	54.8	(0.1%)	(9.2%)	2.8	2.7	2.5	3.2%	8.9%
Pakistan	64.2	62.8	59.2	2.3%	8.5%					
Ukraine	25.8	25.4	26.4	1.6%	(2.2%)	1.1	1.0	1.0	3.4%	10.0%
Algeria	14.2	13.9	15.0	1.8%	(5.0%)					
Bangladesh	32.8	32.1	33.1	2.2%	(0.8%)					
Kazakhstan	9.7	9.4	10.2	2.6%	(5.4%)	0.5	0.5	0.4	0.0%	15.2%
Uzbekistan	6.8	7.1	8.4	(3.7%)	(18.5%)					
Other	4.1	4.0	4.7	2.4%	(12.8%)	0.1	0.1	0.1	-	-
Total	**207.4**	**204.6**	**211.7**	**1.4%**	**(2.0%)**	**4.4**	**4.3**	**4.0**	**2.8%**	**9.4%**

ATTACHMENT C: RECONCILIATION TABLES

RECONCILIATION OF CONSOLIDATED EBITDA

USD mln	3Q20	3Q19	9M20	9M19
Unaudited				
EBITDA	**898**	**987**	**2,627**	**3,280**
Depreciation	(389)	(406)	(1,193)	(1,218)
Amortization	(82)	(94)	(260)	(299)
Impairment loss	(790)	(90)	(791)	(100)
Loss on disposals of non-current assets	(4)	(13)	(16)	(27)
Operating profit	**(367)**	**384**	**367**	**1,636**
Financial Income and Expenses	(172)	(233)	(548)	(626)
- including finance income	5	16	20	44
- including finance costs	(177)	(249)	(567)	(670)
Net foreign exchange (loss)/gain and others	5	(20)	85	(14)
- including other non-operating (losses)/gains	(1)	0	100	14
- including net foreign exchange gain	6	(20)	(15)	(29)
	-	-	-	-
Profit before tax	**(534)**	**130**	**(96)**	**995**
Income tax expense	(111)	(100)	(255)	(360)
(Loss)/Profit for the period	**(645)**	**30**	**(350)**	**635**
of which profit/(loss) attributable to non-controlling interest	24	4	(6)	(36)
of which profit/(loss) for the year attributable to VEON shareholders	(620)	35	(357)	599

RECONCILIATION OF CAPEX

USD mln unaudited	3Q20	3Q19	9M20	9M19
Cash paid for purchase of property, plant and equipment and intangible assets	**394**	**372**	**1,287**	**1,197**
Net difference between timing of recognition and payments for purchase of property, plant and equipment and intangible assets	44	25	138	199
Capital expenditures	**437**	**397**	**1,425**	**1,397**
Less capital expenditures in licenses and other	(11)	(21)	(50)	(32)
Capital expenditures excl. licenses	**426**	**377**	**1,375**	**1,364**

RECONCILIATION OF ORGANIC AND REPORTED GROWTH RATES

3Q20 compared to 3Q19

	Total Revenue			EBITDA		
	Local currency	Forex and Other	Reported	Local currency	Forex and Other	Reported
Russia	(6.8%)	(11.4%)	(18.2%)	(18.3%)	(10.0%)	(28.3%)
Pakistan	11.5%	(5.6%)	5.9%	41.2%	(6.8%)	34.4%
Ukraine	11.6%	(9.5%)	2.1%	16.9%	(10.0%)	6.9%
Algeria	(5.7%)	(6.4%)	(12.1%)	(5.0%)	(6.4%)	(11.4%)
Bangladesh	0.8%	(0.4%)	0.5%	8.4%	(0.4%)	8.0%
Kazakhstan	14.4%	(8.8%)	5.6%	17.3%	(9.0%)	8.3%
Uzbekistan	(17.1%)	(10.0%)	(27.2%)	(81.9%)	(2.2%)	(84.1%)
Total	**(1.3%)**	**(9.1%)**	**(10.4%)**	**0.1%**	**(9.1%)**	**(9.0%)**

9M20 compared to 9M19

	Total Revenue			EBITDA		
	Local currency	Forex and Other[1]	Reported	Local currency	Forex and Other[1]	Reported
Russia	(6.4%)	(7.2%)	(13.7%)	(15.9%)	(6.3%)	(22.2%)
Pakistan	(0.1%)	(8.8%)	(8.9%)	1.1%	(9.1%)	(8.0%)
Ukraine	11.4%	(0.9%)	10.5%	17.6%	(1.0%)	16.6%
Algeria	(5.2%)	(4.8%)	(10.0%)	(9.9%)	(4.5%)	(14.4%)
Bangladesh	0.2%	(0.8%)	(0.6%)	2.6%	(0.8%)	1.8%
Kazakhstan	13.7%	(18.5%)	(4.8%)	23.5%	34.6%	(11.1%)
Uzbekistan	(11.9%)	(11.5%)	(23.5%)	(43.3%)	(6.8%)	(50.1%)
Total	**(2.7%)**	**(6.8%)**	**(9.5%)**	**(3.1%)**	**(16.8%)**	**(19.9%)**

[1] In 2Q19 exceptional item of a one-off payment of USD 38 million received in 2Q19 in relation to the termination of a network sharing agreement in Kazakhstan between our subsidiary KaR-Tel LLP and Kcell Joint Stock Company ("Kcell") following Kazakhtelecom JSC's acquisition of 75 percent of Kcell's shares and a one-off vendor payment of USD 350 million received in 1Q19.

RECONCILIATION OF VEON CONSOLIDATED NET DEBT

USD mln	30 September 2020	30 June 2020	31 March 2020
Net debt	**7,520**	**8,166**	**7,741**
Cash and cash equivalents	1,081	1,166	1,486
Long - term and short-term deposits	1	21	2
Gross debt	**8,602**	**9,353**	**9,229**
Interest accrued related to financial liabilities	105	92	109
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(7)	(6)	(1)
Derivatives not designated as hedges	377	320	321
Derivatives designated as hedges	-	88	112
Other financial liabilities	94	54	89
Total financial liabilities	**9,170**	**9,901**	**9,859**

RECONCILIATION OF EQUITY FREE CASH FLOW AFTER LICENSES

USD million	3Q20	3Q19	YoY	9M20	9M19	YoY
EBITDA	**898**	**987**	**(9.0%)**	**2,627**	**3,280**	**(19.9%)**
Changes in working capital	110	16	604.1%	(8)	(206)	(96.2%)
Movements in provision	5	6	(17.5%)	(10)	51	(119.0%)
Net interest paid received	(134)	(142)	(5.3%)	(456)	(467)	(2.4%)
Income tax paid	(104)	(131)	(20.4%)	(279)	(372)	(25.1%)
Non cash adjustment on operating activities related to IFRS 16	(82)	(101)	(18.4%)	(231)	(263)	(12.0%)
Cash flow from operating activities (excl. lease liabilities)	**692**	**635**	**9.0%**	**1,644**	**2,024**	**(18.8%)**
Capex excl.licenses	(426)	(377)	13.2%	(1,375)	(1,364)	0.7%
Non cash adjustment on Capex excl.licenses related to IFRS 16	72	53	36.9%	160	202	(20.7%)
Working capital related to Capex excl. license	(31)	(45)	(29.8%)	(7)	16	(147.9%)
Disposals of capital assets	3	2	5.9%	8	26	(68.5%)
Licenses	(8)	(4)	126.5%	(65)	(50)	29.4%
Equity Free Cash Flow after licenses[1]	**301**	**265**	**13.5%**	**365**	**852**	**(57.2%)**

EBITDA RECONCILIATION ON COUNTRY LEVEL

3Q 2020

USD mln	Russia	Pakistan	Ukraine	Algeria	Bangladesh	Kazakhstan	Uzbekistan	Other	HQ and eliminations	**VEON Consolidated**
EBITDA	377	188	160	79	60	64	6	8	(43)	**898**
Less										
Depreciation	(222)	(43)	(25)	(36)	(26)	(19)	(8)	(8)	(1)	**(389)**
Amortization	(33)	(10)	(12)	(8)	(11)	(6)	(1)	(1)	(1)	**(82)**
Impairment loss	(723)	-	(1)	-	(0)	(1)	-	(0)	(65)	**(790)**
Loss on disposals of non-current assets	(3)	(0)	(0)	(0)	(1)	(0)	(1)	(0)	0	**(4)**
Gains/(losses) on sale of investments in subsidiaries	-	-	-	-	-	-	-	-	-	**-**
Operating profit	(605)	136	122	35	21	39	(4)	(2)	(109)	**(367)**

9M 2020

USD mln	Russia	Pakistan	Ukraine	Algeria	Bangladesh	Kazakhstan	Uzbekistan	Other	HQ and eliminations	**VEON Consolidated**
EBITDA	1,161	468	472	224	173	188	51	32	(143)	**2,627**
Less										
Depreciation	(695)	(130)	(76)	(107)	(79)	(56)	(25)	(24)	(2)	**(1,193)**
Amortization	(102)	(29)	(43)	(25)	(32)	(19)	(3)	(4)	(3)	**(260)**
Impairment loss	(723)	-	(2)	-	(1)	(1)	(0)	(0)	(65)	**(791)**
Loss on disposals of non-current assets	(8)	(0)	(1)	(1)	(4)	(0)	(1)	(1)	0	**(16)**
Gains/(losses) on sale of investments in subsidia	(33)	-	-	-	-	-	-	-	33	**(0)**
Operating profit	(400)	309	351	91	57	113	23	3	(179)	**367**

[1] Equity free cash flow after licenses (excluding capitalized leases) is a non-IFRS measure and is defined as free cash flow from operating activities less repayment of lease liabilities and cash flow used in investing activities, excluding M&A transactions, inflow/outflow of deposits, financial assets, other one-off items

RATES OF FUNCTIONAL CURRENCIES TO USD

	Average rates			Closing rates		
	3Q20	3Q19	YoY	3Q20	3Q19	YoY
Russian Ruble	73.56	64.57	(13.9%)	79.68	64.42	(23.7%)
Algerian Dinar	128.48	119.78	(7.3%)	129.18	120.66	(7.1%)
Pakistan Rupee	167.08	158.57	(5.4%)	165.75	156.75	(5.7%)
Bangladeshi Taka	84.83	84.52	(0.4%)	84.83	84.53	(0.4%)
Ukrainian Hryvnia	27.60	25.26	(9.3%)	28.30	24.08	(17.5%)
Kazakh Tenge	417.89	385.84	(8.3%)	429.51	387.63	(10.8%)
Uzbekistan Som	10,239.10	9,004.27	(13.7%)	10,321.21	9,424.54	(9.5%)
Armenian Dram	485.57	476.25	(2.0%)	488.41	475.97	(2.6%)
Kyrgyz Som	77.97	69.75	(11.8%)	79.60	69.70	(14.2%)
Georgian Lari	3.10	2.92	(6.3%)	3.29	2.96	(11.3%)

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 nine-month period ended September 30, 2020 and 2019, 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 September 30, 2020 and for the nine-month period ended September 30, 2020 and 2019 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, 2019 (our "2019 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 2019 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 2020;

- 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 further unanticipated developments related to the COVID-19 pandemic that negatively affect our operations and financial condition, including adverse macroeconomic developments caused by recent volatility in oil prices in the wake of the COVID-19 outbreak;
- 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 and their official interpretation by governmental and other regulatory bodies and courts;
- risks related to the impact of export controls 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 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 2019 Annual Report.

These factors and the other risk factors described in our 2019 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 210 million customers with voice, fixed broadband, data and digital services. VEON currently offers services to customers in 10 countries: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan, Kyrgyzstan, Armenia 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. 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, 2019.

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 September 30, 2020, 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, Georgia and, prior to its disposal in October 2020, Armenia. "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 refer to Note 2 to our unaudited interim condensed consolidated financial statements attached hereto.

KEY DEVELOPMENTS DURING THE THIRD QUARTER OF 2020

COVID-19

Although VEON's operations remained impacted by lockdown measures throughout third quarter, a gradual lifting of restrictions enabled the start of economic activity normalization and a sequential recovery in the performance of our operating markets.

Revenue trends remained divergent. Demand for our data services remains strong, enabling us to continue to grow our data revenues at a double-digit pace. We also experienced a continued shift in data traffic from mobile to fixed networks as lockdowns encouraged home working and schooling alongside a greater use of devices through our domestic broadband services.

An increase in demand for hard currencies has resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, during the three-month period ended September 30, 2020, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, has decreased significantly, with a corresponding loss of USD 219 million recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

Recent financing transactions

On July 9, 2020, VEON refinanced its existing RUB 30 billion (approximately USD 422 million) bilateral term loan agreement with VTB Bank. This refinancing extends the maturity and reduces the cost of the existing loan between VTB Bank and VEON.

On April 16, 2020, VEON established a Global Medium-Term Note program for the issuance of bonds (the **"MTN Program"**), with a program limit of a USD 6.5 billion, or the equivalent thereof in other currencies. On September 11, 2020, VEON issued senior unsecured notes of RUB 10 billion 6.5% due 2025 in 144A / Reg S format (the **"Notes"**) under the MTN Program. The proceeds were used to repay debt.

Exercise of put option for 15% stake in Pakistan Operations

On September 24, 2020 the Dhabi Group exercised its put option to sell VEON its 15% shareholding in Pakistan Mobile Communications Limited (**"PMCL"**), the operating company of Pakistan's leading mobile operator, Jazz.

The transaction, which requires independent valuation to determine the fair value of the shareholding, is expected to close in the fourth quarter of 2020. Once completed, VEON will own 100% of PMCL and achieve full beneficial ownership of Jazz, allowing it to simplify and streamline governance over its Pakistani assets, as well as capture the full value of dividends paid by PMCL.

New Governance Model adopted

During the third quarter, in connection with our new operating model, the VEON Board of Directors (the "**VEON Board**") approved a new governance model, or Group Authority Matrix, under which the VEON Board and the co-CEOs have delegated to each VEON operating company considerable authority to operate their businesses. Specifically, each operating company is accountable for operating its own business subject to oversight by their respective operating company boards and the VEON Board; and they are also obligated to operate in accordance with Group policy and controls framework. The new governance model forms the cornerstone of governance and delegation of authority across the Group.

In October 2020, Joop Brakenhoff has been appointed to the position of Chief Internal Audit & Compliance Officer. He reports to co-CEOs and also has a reporting line to the Chairman of the Audit & Risk Committee.

VEON

Beeline Kazakhstan signs Network Sharing Partnership

On October 6, 2020, VEON announced that its operating company in Kazakhstan, which provides services under the Beeline brand, entered into a network sharing partnership that unites the nation's three mobile telecom providers in the delivery of high-speed internet to rural communities. The agreement brings Beeline together with Kcell and Tele2 in support of the nation's 250+ project, which aims to extend high-speed internet to all villages with a population of 250 or more. Once complete, the project will see almost 1,000 rural settlements with a combined population of 600,000 offered 3G and 4G connections by all three operators.

The 250+ initiative, the infrastructure deployment for which started immediately, enables rural residents to receive mobile services on competitive terms and select a service provider of their choice. In turn, each mobile operator will enjoy equal access to the shared network.

VEON acquires strategic stake in ShopUp in Bangladesh

On October 20, 2020 VEON joined Sequoia Capital India and Flourish Ventures as investors in ShopUp, Bangladesh's leading full-stack B2B commerce platform for small businesses, becoming ShopUp's first strategic corporate investor.

The investment of approximately USD 8 million, in exchange for a 13.5% stake, enables VEON to support ShopUp's fast-growing digital ecosystem for micro, small and medium-sized enterprises, which form a vital backbone of Bangladesh's economy, as well as providing significant opportunities for developing mobile financial services for ShopUp's users.

Yaroslav Glazunov appointed to the Board of Directors as an alternate director for Alexander Pertsovsky

On October 28, 2020 VEON appointed Yaroslav Glazunov to the Company's Board of Directors as an alternate director for Alexander Pertsovsky. Mr. Pertsovsky has been a member of the VEON Board since January 2018.

Agreement concluded for the sale of Armenian operations

On October 29, 2020, VEON announced that it had concluded an agreement for the sale of CJSC "VEON Armenia", VEON's operating subsidiary in Armenia, to Team LLC for a consideration of USD 51 million. It is anticipated that the transaction will close shortly.

The sale of the Armenian operations is in line with VEON's ambition to simplify the Group's structure and enhance its operational focus on markets with attractive long-term growth opportunities.

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 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.

RESULTS OF OPERATIONS

FINANCIAL PERFORMANCE FOR NINE MONTHS ENDED SEPTEMBER 30, 2020

	Nine-month period	
(In millions of U.S. dollars)	**2020**	**2019**
Service revenues	5,629	6,161
Sale of equipment and accessories	269	322
Other revenue	83	125
Total operating revenues	**5,981**	**6,608**
Other operating income	4	350
Service costs	(1,130)	(1,154)
Cost of equipment and accessories	(263)	(323)
Selling, general and administrative expenses	(1,965)	(2,201)
Depreciation	(1,193)	(1,218)
Amortization	(260)	(299)
Impairment (loss) / reversal	(790)	(100)
Gain / (loss) on disposal of non-current assets	(16)	(28)
Gain / (loss) on disposal of subsidiaries	—	1
Operating profit / (loss)	**368**	**1,636**
Finance costs	(568)	(670)
Finance income	20	44
Other non-operating gain / (loss)	100	14
Net foreign exchange gain / (loss)	(15)	(29)
Profit / (loss) before tax	**(95)**	**995**
Income tax expense	(255)	(360)
Profit / (loss) for the period	**(350)**	**635**
Attributable to:		
The owners of the parent	(356)	599
Non-controlling interest	6	36
	(350)	**635**

TOTAL OPERATING REVENUE

Our consolidated total operating revenue decreased by 9% year-on-year, primarily due to the devaluation of currencies across all the countries in which we operate. In local currency terms, revenue fell slightly, on the back of significant disruption of retail operations faced by our operating companies, following store closures, which resulted in lower gross connections, device sales and airtime sales and a decline in roaming revenues due to travel bans. In particular, Russia revenues decreased compared to prior year, due to lower subscriber numbers and closure of stores due to travel bans. Pakistan revenues also decreased due to lower ARPU driven by the negative impacts of lockdown measures. These were partially offset by strong performance, in local currency terms, in Ukraine and Kazakhstan and the impact of tax regime changes that negatively impacted 2019 revenues in Pakistan.

	Nine months ended September 30,	
(In millions of U.S. dollars)	**2020**	**2019**
Our cornerstone		
Russia	2,874	3,329
Our growth engines		
Pakistan	908	996
Ukraine	696	630
Kazakhstan	350	370
Uzbekistan	150	196
Our frontier markets		
Algeria	519	576
Bangladesh	403	406
Other frontier markets	106	130
Other		
HQ and eliminations	(25)	(25)
Total segments	**5,981**	**6,608**

OPERATING PROFIT

Our consolidated operating profit fell during the quarter, to a loss of USD 368 million in the nine-month period ended September 30, 2020 compared to a profit of USD 1,636 million in the nine-month period ended September 30, 2019. This was primarily due to a combined impairment loss of USD 790 million in respect of our operations in Russia and Kyrgyzstan (refer to Note 6 of our unaudited interim condensed consolidated financial statements for further details), as well as lower revenues as discussed. In addition, operating profit in 2019 was positively impacted by a one-off gain of USD 350 million, relating to a revised arrangement with Ericsson to upgrade core IT systems of VEON's operating companies. The decrease in operating profits was partially offset by lower general and administrative costs.

NON-OPERATING PROFITS AND LOSSES

Finance costs

Our finance costs decreased to USD 568 million in the nine-month period ended September 30, 2020 compared to USD 670 million in the nine-month period ended September 30, 2019 due to lower interest charges on loans, driven by a combination of lower average cost of debt across most currencies and by depreciation of Russian ruble.

Finance income

Our consolidated finance income decreased to USD 20 million in the nine-month period ended September 30, 2020 compared to USD 44 million in the nine-month period ended September 30, 2019. This was primarily due to lower cash and deposit balances, and partially due to currency devaluation on cash and deposits in local currency of our operating companies.

Other non-operating gain / loss

Other non-operating gain in the nine-month period ended September 30, 2020 was USD 100 million compared to a non-operating gain of USD 14 million in the nine-month period ended September 30, 2019. The increase was driven by the revaluation of our contingent consideration liability, as well as the recognition of a gain upon reaching a settlement in connection with the dispute concerning the sale of Telecel Globe Limited in June 2020. For more information over these items, please refer to, respectively, Note 7 and Note 12 of our unaudited interim condensed consolidated financial statements attached hereto.

Net foreign exchange gain / loss

During the nine-month period ended September 30, 2020, we recognized a net foreign exchange loss of USD 15 million compared to a loss of USD 29 million during the nine-month period ended September 30, 2019. This was mainly due to the depreciation of currencies of the countries in which VEON operates, particularly the Russian ruble.

INCOME TAX EXPENSE

Our consolidated income tax expense decreased by 29% to USD 255 million in the nine-month period ended September 30, 2020 compared to USD 360 million in the nine-month period ended September 30, 2019, mainly due to lower operating profit and the impact of foreign currency devaluation of the local currencies of our operating companies.

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

Our profit / (loss) for the period attributable to the owners of the parent for the nine-month period ended September 30, 2020 decreased to a loss of USD 356 million as compared to a profit of USD 599 million for the same period last year. The decrease was mainly due to decreased operating profit as discussed above.

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

Profit / (loss) for the period attributable to non-controlling interest for the nine-month period ended September 30, 2020 decreased to USD 6 million as compared to USD 36 million for the same period last year. The decrease was mainly driven by the acquisition of non-controlling interest in August 2019, which resulted in a lower level of non-controlling interest in our operations in Pakistan and Bangladesh, as well as lower profitability in our Algeria operations.

ADJUSTED EBITDA

In millions of U.S. dollars	Nine months ended September 30, 2020	2019
Our cornerstone		
Russia	1,161	1,491
Our growth engines		
Pakistan	468	509
Ukraine	472	405
Kazakhstan	188	212
Uzbekistan	51	103
Our frontier markets		
Algeria	224	262
Bangladesh	173	170
Other frontier markets	32	45
Other		
HQ and eliminations	(142)	83
Total segments	**2,627**	**3,280**

Our consolidated Adjusted EBITDA decreased by 20% year-on-year, primarily due to lower revenues as discussed above, as well as the recognition of a one-off gain of USD 350 million during the nine-month period ended September 30, 2019, relating to a revised arrangement with Ericsson to upgrade core IT systems of VEON's operating companies. This decrease was partially offset by lower general and administrative costs.

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

In millions of U.S. dollars	Nine months ended September 30, 2020	2019
Profit / (loss) before tax	**(95)**	**995**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA		
Depreciation	1,193	1,218
Amortization	260	299
Impairment loss / (reversal)	790	100
(Gain) / loss on disposal of non-current assets	16	28
(Gain) / loss on disposal of subsidiaries	—	(1)
Finance costs	568	670
Finance income	(20)	(44)
Other non-operating (gain) / loss	(100)	(14)
Net foreign exchange (gain) / loss	15	29
Total Adjusted EBITDA	**2,627**	**3,280**

VEON

RESULT OF REPORTABLE SEGMENTS

RUSSIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Total operating revenue	**2,874**	**3,329**	**-14 %**
Mobile service revenue	2,220	2,617	-15 %
- of which mobile data	696	722	-4 %
Fixed-line service revenue	395	396	0 %
Sales of equipment, accessories and other	259	316	-18 %
Operating Expenses	**1,716**	**1,838**	**-7 %**
Adjusted EBITDA	**1,161**	**1,491**	**-22 %**
Adjusted EBITDA margin	**40.4 %**	**44.8 %**	**-4.4pp**

RESULTS OF OPERATIONS IN RUB

In millions of RUB (except as indicated)	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Total operating revenue	**202,551**	**216,491**	**-6 %**
Mobile service revenue	156,387	170,246	-8 %
- of which mobile data	49,446	46,676	6 %
Fixed-line service revenue	27,884	25,734	8 %
Sales of equipment, accessories and other	18,280	20,511	-11 %
Operating Expenses	**121,186**	**119,498**	**1 %**
Adjusted EBITDA	**81,602**	**96,993**	**-16 %**
Adjusted EBITDA margin	**40.3 %**	**44.8 %**	**-4.5pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Mobile			
Customers in millions	49.7	54.8	-9%
Mobile data customers in millions	32.4	36.4	-11%
ARPU in US$	4.7	5.3	-11%
ARPU in RUB	332.0	343.0	-3%

TOTAL OPERATING REVENUE

Our total operating revenue in Russia decreased by 14% (USD terms) and 6% (local currency terms) year-on-year. Lower revenues primarily arose from a lower customer base during the nine-month period ended September 30, 2020 compared to the same period in 2019, as well as reduced roaming revenue due to travel restrictions. This decline was partially offset by the increase in fixed line service revenue as customers continue to draw on the fixed line data at home, and mobile service revenue from our B2B customers who continue working from home.

VEON

ADJUSTED EBITDA

Our Russia Adjusted EBITDA decreased by 22% (USD terms) and 16% (local currency terms) year-on-year. this was primarily due to lower revenues as stated above as well as increased structural operating expenses in relation to increased network investment and higher interconnection cost in the nine-month period ended September 30, 2020 compared to the same period last year.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2020, we had 49.7 million mobile customers in Russia, representing a decrease of 9% year-on-year. The decrease was caused by customer perceptions on the network quality, as well as a reduction in sales through alternative distribution channels and the loss of migrant customers from our subscriber base due to travel restrictions.

Our mobile ARPU in Russia decreased by 11% (USD terms) and 3% (local currency terms) year-on-year, mainly due to lower revenue stemming from reduced activity.

PAKISTAN

RESULTS OF OPERATIONS IN US$

	Nine months ended September 30,		
In millions of U.S. dollars (except as indicated)	2020	2019	2020-2019 change %
Total operating revenue	**908**	**996**	**-9 %**
Mobile service revenue	837	926	-10 %
- of which mobile data	307	273	12 %
Sales of equipment, accessories and other	71	70	1 %
Operating expenses	**440**	**488**	**-10 %**
Adjusted EBITDA	**468**	**509**	**-8 %**
Adjusted EBITDA margin	**51.6 %**	**51.1 %**	**0.5pp**

RESULTS OF OPERATIONS IN PKR

	Nine months ended September 30,		
In millions of PKR (except as indicated)	2020	2019	2020-2019 change %
Total operating revenue	**147,014**	**147,153**	**-0.1 %**
Mobile service revenue	135,596	136,816	-1 %
- of which mobile data	49,838	40,423	23 %
Sales of equipment, accessories and other	11,418	10,338	10 %
Operating expenses	**71,027**	**71,985**	**-1 %**
Adjusted EBITDA	**75,987**	**75,168**	**1 %**
Adjusted EBITDA margin	**51.7 %**	**51.1 %**	**0.6pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Mobile			
Customers in millions	64.2	59.2	8%
Mobile data customers in millions	43.1	38.3	13%
ARPU in US$	1.5	1.8	-17%
ARPU in PKR	240	262	-8%

TOTAL OPERATING REVENUE

Our Pakistan total operating revenue decreased by 9% (USD terms) and by 0.1% (local currency terms) year-on-year. In local currency terms, revenue fell due to lower ARPU driven by lockdown measures which led to the temporary closure of Jazz stores, lower business activity and an overall economic slowdown in the nine-month period ended September 30, 2020. This impact was offset by an increase in our customer base, as well as tax regime changes which negatively impacted revenue in 2019.

ADJUSTED EBITDA

Our Pakistan Adjusted EBITDA decreased by 8% (USD terms) and increased by 1% (local currency terms) year-on-year. This was primarily due to the fall in revenue year-on-year as described above, as well as certain costs for the ex-Warid license paid in the form of security (under protest), which are classified within service costs in 2020, compared to prior year amortization below EBITDA. This impact was offset by the reversal of a provision, with an impact on Adjusted EBITDA of PKR 8.6 billion in the third quarter of 2020.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2020, we had 64.2 million customers in Pakistan, representing an increase of 8% year-on-year, with growth primarily in mobile data customers, which increased by 13% year-on-year. This increase arose on the back of our continued expansion of the data network in Pakistan.

Our mobile ARPU in Pakistan decreased by 17% (USD terms) and 8% (local currency terms) year-on-year, driven mainly by reduced activity driven by lockdown measures as described above.

UKRAINE

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Nine months ended September 30, 2020	2019	2020-2019 change %
Total operating revenue	**696**	**630**	**10 %**
Mobile service revenue	648	589	10 %
- of which mobile data	361	306	18 %
Fixed-line service revenue	44	38	16 %
Sales of equipment, accessories and other	4	4	0 %
Operating expenses	**224**	**225**	**-0.4 %**
Adjusted EBITDA	**472**	**405**	**17 %**
Adjusted EBITDA margin	**67.8 %**	**64.3 %**	**3.5 pp**

RESULTS OF OPERATIONS IN UAH

In millions of UAH (except as indicated)	Nine months ended September 30, 2020	2019	2020-2019 change %
Total operating revenue	**18,461**	**16,577**	**11 %**
Mobile service revenue	17,189	15,486	11 %
- of which mobile data	9,596	8,037	19 %
Fixed-line service revenue	1,172	995	18 %
Sales of equipment, accessories and other	101	96	5 %
Operating expenses	**5,935**	**5,925**	**0.2 %**
Adjusted EBITDA	**12,527**	**10,652**	**18 %**
Adjusted EBITDA margin	**67.9 %**	**64.3 %**	**3.6 pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Mobile			
Customers in millions	25.8	26.4	-2%
Mobile data customers in millions	16.8	16.3	3%
ARPU in US$	2.8	2.5	12%
ARPU in UAH	73	65	12%

TOTAL OPERATING REVENUE

Our Ukraine total operating revenue increased by 10% (USD terms) and 11% (local currency terms) year-on-year. This was primarily driven by strong growth in mobile data consumption owing to strong 4G adoption on the back of our continued focus on 4G connectivity and digitalizing solutions for customers. Fixed line revenue also grew year-on-year, as customers continued to draw on fixed-line data at home.

ADJUSTED EBITDA

Our Ukraine Adjusted EBITDA increased by 17% (USD terms) and 18% (local currency terms) year-on-year. This was primarily due to solid revenue performance and lower service and commercial costs in the nine-month period ended September 30, 2020 when compared with the same period last year. This was partially offset by the higher structural operating expenses.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2020, we had 25.8 million mobile customers in Ukraine, representing a decrease of 2% year-on-year. The decrease was a result of increased churn rate and lower gross additions as a result of closures of stores under lockdown measures as well as reduction in multi-SIM users in the market and demographic trends in Ukraine. Our mobile data customer base observed an increase of 3% year-on-year.

Our mobile ARPU in Ukraine increased by 12% (USD terms and local currency terms) year-on-year, due to data usage growth.

KAZAKHSTAN

RESULTS OF OPERATIONS IN US$

	Nine months ended September 30,		
In millions of U.S. dollars (except as indicated)	2020	2019	2020-2019 change %
Total operating revenue	**350**	**370**	**-5 %**
Mobile service revenue	289	279	4 %
- of which mobile data	146	112	30 %
Fixed-line service revenue	57	49	16 %
Sales of equipment, accessories and other	4	41	-90 %
Operating expenses	**162**	**157**	**3 %**
Adjusted EBITDA	**188**	**212**	**-11 %**
Adjusted EBITDA margin	**53.7 %**	**57.5 %**	**-3.8pp**

RESULTS OF OPERATIONS IN KZT

In millions of KZT (except as indicated)	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Total operating revenue	**143,264**	**140,528**	**2 %**
Mobile service revenue	118,192	106,578	11 %
- of which mobile data	59,583	42,582	40 %
Fixed-line service revenue	23,255	18,573	25 %
Sales of equipment, accessories and other	1,817	15,376	-88 %
Operating expenses	**66,380**	**59,820**	**11 %**
Adjusted EBITDA	**76,885**	**80,708**	**-5 %**
Adjusted EBITDA margin	**53.7 %**	**57.4 %**	**-3.7pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Mobile			
Customers in millions	9.7	10.2	-5%
Mobile data customers in millions	7.1	7.0	1%
ARPU in US$	3.2	3.1	3%
ARPU in KZT	1,318.0	1,166.0	13%

TOTAL OPERATING REVENUE

Our Kazakhstan total operating revenue decreased by 5% (USD terms) and increased by 2% (local currency terms) year-on-year. The increase in local currency terms was mainly due to strong demand for our data and fixed line services. This increase was partially offset by the impact of compensation received in 2019 in relation to the termination of a network sharing agreement with Kcell, resulting in higher revenues in 2019.

ADJUSTED EBITDA

Our Kazakhstan Adjusted EBITDA decreased by 11% (USD terms) and 5% (local currency terms) year-on-year. This was primarily due to increased personnel costs, certain non-income taxes and technology expenses, partially offset by the revenue growth as described above.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2020, we had 9.7 million mobile customers in Kazakhstan, representing a decrease of 5% year-on-year. The decrease was mainly due to post IMEI registration barriers resulting in lower gross additions. The number of our mobile data customers in Kazakhstan increased by 1%, mainly due improved data bundle offers and data services.

Our mobile ARPU in Kazakhstan increased by 3% (USD terms) and 13% (local currency terms) year-on-year, due to data usage growth.

UZBEKISTAN

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Total operating revenue	**150**	**197**	**-24 %**
Mobile service revenue	149	195	-24 %
- of which mobile data	83	88	-6 %
Fixed-line service revenue	1	1	0 %
Sales of equipment, accessories and other	—	—	0 %
Operating expenses	**99**	**94**	**5 %**
Adjusted EBITDA	**51**	**103**	**-50 %**
Adjusted EBITDA margin	**34.0 %**	**52.2 %**	**-18.2pp**

RESULTS OF OPERATIONS IN UZS

In billions of UZS (except as indicated)	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Total operating revenue	**1,493**	**1,696**	**-12 %**
Mobile service revenue	1,479	1,683	-12 %
- of which mobile data	818	762	7 %
Fixed-line service revenue	9	10	-13 %
Sales of equipment, accessories and other	5	3	55 %
Operating expenses	**991**	**809**	**22 %**
Adjusted EBITDA	**503**	**887**	**-43 %**
Adjusted EBITDA margin	**33.7 %**	**52.3 %**	**-18.6pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Mobile			
Customers in millions	6.8	8.4	-19%
Mobile data customers in million	4.7	5.3	-11%
ARPU in US$	2.2	2.4	-8%
ARPU in UZS	21,819	21,033	4%

TOTAL OPERATING REVENUE

Our Uzbekistan total operating revenue decreased by 24% (USD terms) and 12% (local currency terms) year-on-year. The decrease was primarily due to a lower subscriber base impacted by a new excise duty and IMEI registration implementation, as well as weaker business activity due to COVID-19 restrictions.

ADJUSTED EBITDA

Our Uzbekistan Adjusted EBITDA decreased by 50% (USD terms) and 43% (local currency terms) year-on-year. This was primarily driven by reduced revenues as described above, with operating expenses remaining relatively stable.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2020, we had 6.8 million mobile customers in Uzbekistan representing a decrease of 19% year-on-year. The decrease was the result of our strategic focus on high value customers resulting in a higher churn rate. As of September 30, 2020, the number of our mobile data customers in Uzbekistan decreased by 11% to 4.7 million.

Our mobile ARPU in Uzbekistan decreased by 8% (USD terms) and increased by 4% (local currency terms) year-on-year, due to the strategic focus on high value customers as described above.

ALGERIA

RESULTS OF OPERATIONS IN US$

	Nine months ended September 30,		
In millions of U.S. dollars (except as indicated)	2020	2019	2020-2019 change %
Total operating revenue	**519**	**577**	**-10 %**
Mobile service revenue	516	575	-10 %
- of which mobile data	195	167	17 %
Sales of equipment, accessories and other	3	2	50 %
Operating expenses	**295**	**315**	**-6 %**
Adjusted EBITDA	**224**	**262**	**-15 %**
Adjusted EBITDA margin	**43.2 %**	**45.4 %**	**-2.2pp**

RESULTS OF OPERATIONS IN DZD

	Nine months ended September 30,		
In millions of DZD (except as indicated)	2020	2019	2020-2019 change %
Total operating revenue	**65,166**	**68,769**	**-5 %**
Mobile service revenue	64,779	68,581	-6 %
- of which mobile data	24,532	19,890	23 %
Sales of equipment, accessories and other	388	189	105 %
Operating expenses	**37,063**	**37,557**	**-1 %**
Adjusted EBITDA	**28,127**	**31,212**	**-10 %**
Adjusted EBITDA margin	**43.2 %**	**45.4 %**	**-2.2pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Mobile			
Customers in millions	14.2	15.0	-5%
Mobile data customers in millions	9.1	9.4	-3%
ARPU in US$	4.0	4.1	-2%
ARPU in DZD	499	493	1%

TOTAL OPERATING REVENUE

Our Algeria total operating revenue decreased by 10% (USD terms) and 5% (local currency terms) year-on-year. This was primarily due to lower subscriber base in an aggressively competitive market and the negative impact of a change in the Mobile Termination Rate (MTR) and economic slowdown due to the pandemic. Data revenue growth remained strong due to higher usage as a result of the roll-out of the 4G network.

ADJUSTED EBITDA

Our Algeria Adjusted EBITDA decreased by 15% (USD terms) and 10% (local currency terms) year-on-year. This was primarily due to the decrease in total revenue as described above, as well as increased personnel and technology costs.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2020, we had 14.2 million mobile customers in Algeria, representing a decrease of 5% year-on-year. The decrease was driven by a higher churn rate. Our mobile data customers in Algeria also saw a decrease of 3% year-on-year, due to higher churn rate and price competition.

Our mobile ARPU in Algeria decreased by 2% (USD terms) and increased by 1% (local currency terms) year-on-year. The increase in local currency terms was driven by increased pricing and a more high-value customer base.

BANGLADESH

RESULTS OF OPERATIONS IN US$

	Nine months ended September 30,		
In millions of U.S. dollars (except as indicated)	2020	2019	2020-2019 change %
Total operating revenue	**403**	**406**	**-0.7 %**
Mobile service revenue	396	397	-0.3 %
- of which mobile data	99	81	22 %
Sales of equipment, accessories and other	7	9	-22 %
Operating expenses	**231**	**236**	**-2 %**
Adjusted EBITDA	**173**	**170**	**2 %**
Adjusted EBITDA margin	**42.8 %**	**41.8 %**	**1.0pp**

RESULTS OF OPERATIONS IN BDT

	Nine months ended September 30,		
In millions of BDT (except as indicated)	2020	2019	2020-2019 change %
Total operating revenue	**34,241**	**34,185**	**0.2 %**
Mobile service revenue	33,591	33,448	0.4 %
- of which mobile data	8,419	6,846	23 %
Sales of equipment, accessories and other	651	737	-12 %
Operating expenses	**19,576**	**19,895**	**-1.6 %**
Adjusted EBITDA	**14,665**	**14,290**	**2.6 %**
Adjusted EBITDA margin	**42.8 %**	**41.8 %**	**1.0pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2020	2019	2020-2019 change %
Mobile			
Customers in millions	32.8	33.1	-1%
Mobile data customers in millions	20.5	21.6	-5%
ARPU in US$	1.3	1.3	0%
ARPU in BDT	112	113	-1%

TOTAL OPERATING REVENUE

Our Bangladesh total operating revenue largely remained at par with the same period last year in both USD and local currency terms. The negative effects of the pandemic crisis was offset by consistent performance in acceleration of service revenue growth following spectrum acquisition and enhanced network availability, along with the continued expansion of Banglalink's distribution footprint.

ADJUSTED EBITDA

Our Bangladesh Adjusted EBITDA increased by 2% (USD terms) and increased by 2.6% (local currency terms) year-on-year. This was mainly due to consistent performance on revenue and operational savings partially offset by the increase in minimum tax rates adversely impacting operational costs.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2020, we had 32.8 million mobile customers in Bangladesh, representing a decrease of 1% year-on-year, mainly due to higher churn rate during the period. The number of mobile data customers increased by 5% due to continued efforts to attract new customers, successful targeting of voice-only customers and network expansion.

Our mobile ARPU in Bangladesh remained stable in both USD terms local currency terms, when compared with the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

Working capital is defined as current assets less current liabilities.

As of September 30, 2020, we had negative working capital of USD 2,705 million, compared to negative working capital of USD 3,269 million as of December 31, 2019. The change of net working capital compared to December 31, 2019 was mainly due to a decrease in short term borrowings and trade payables position in addition to the devaluation of local currencies across the Company's operational footprint.

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

(In millions of U.S. dollars)	Nine months ended September 30, 2020	2019
Net cash flows from operating activities	**1,875**	**2,285**
Net cash flows from / (used in) investing activities	**(1,410)**	**(1,387)**
Net cash flows from / (used in) financing activities	**(694)**	**(1,468)**
Net increase / (decrease) in cash and cash equivalents	(229)	(570)
Net foreign exchange difference	(59)	(23)
Cash and cash equivalents at beginning of period	1,204	1,791
Cash and cash equivalents at end of period, net of overdraft	**916**	**1,198**

For more details, see the Interim Condensed Consolidated Statement of Cash Flows in our unaudited interim condensed consolidated financial statements attached hereto.

OPERATING ACTIVITIES

During the nine-month period ended September 30, 2020, net cash inflows from operating activities decreased to USD 1,875 million from USD 2,285 million during the nine-month period ended September 30, 2019. The decrease is mainly due to lower revenues as well as a one-off cash inflow of USD 350 million in the same period last year, relating to the revised arrangement with Ericsson. This was partially offset by the positive impact of changes in working capital balances.

INVESTING ACTIVITIES

During the nine-month period ended September 30, 2020, net outflow for investing activities was USD 1,410 million compared to net cash outflow of USD 1,387 million for the same period last year. This increase reflects the continued high levels of network investment in Russia, and was partially offset by the cash outflow in the first quarter of 2019 relating to amounts pledged as collateral for the Mandatory Tender Offer with respect to the acquisition of non-controlling interests in GTH.

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 nine-month period ended September 30, 2020, net cash outflow for financing activities was USD 694 million compared to net cash outflow of USD 1,468 million during the nine-month period ended September 30, 2019. The change in net cash flows from financing activities was driven mainly by non-recurring outflow for acquisition of non-controlling interest in the previous period. The outflow was further reduced by a relatively smaller net repayment of debt as well as lower dividends paid during the nine-month period ended September 30, 2020 compared to the nine-month period ended September 30, 2019.

During the nine-month period ended September 30, 2020, we raised USD 3,212 million, net of fees (2019: USD 1,910 million) and repaid USD 3,558 million (2019: USD 2,120 million) under various debt facilities. Furthermore, we paid USD 259 million (2019: USD 520 million) of dividends to the shareholders of VEON Ltd. During 2020, a significant amount of debt raised was used to refinance existing debt, in order to achieve lower borrowing costs and extend maturities.

For information regarding changes to our debt portfolio during the nine-month period ended September 30, 2020, see Note 7 to our unaudited interim condensed consolidated financial statements attached hereto.

BORROWINGS

As of September 30, 2020, the principal amounts of our external indebtedness represented by bank loans and bonds amounted to USD 6,959 million, compared to USD 7,519 million as of December 31, 2019. As of September 30, 2020, our debt includes overdrawn bank accounts related to a cash-pooling program of USD 165 million (December 31, 2019: USD 46 million).

As of September 30, 2020, 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.	Loan from Sberbank	7.3500%	RUB	30,000	377	03.06.2024
VEON Holdings B.V.	Loan from Sberbank	CBR Key Rate + 2.2%	RUB	37,500	471	03.06.2023
VEON Holdings B.V.	Loan from Sberbank	CBR Key Rate + 2.2%	RUB	12,500	157	03.06.2023
VEON Holdings B.V.	Loan from Alfa Bank	7.5000%	RUB	30,000	376	10.03.2025
VEON Holdings B.V.	Loan from VTB	CBR Key Rate + 1.85%	RUB	30,000	376	09.07.2025
VEON Holdings B.V.	Notes	3.9500%	USD	600	600	16.06.2021
VEON Holdings B.V.	Notes	7.5043%	USD	417	417	01.03.2022
VEON Holdings B.V.	Notes	5.9500%	USD	529	529	13.02.2023
VEON Holdings B.V.	Notes	4.9500%	USD	533	533	17.06.2024
VEON Holdings B.V.	Notes	4.0000%	USD	1,000	1,000	09.04.2025
VEON Holdings B.V.	Notes	7.2500%	USD	700	700	26.04.2023
VEON Holdings B.V.	Notes	6.3000%	RUB	20,000	251	18.06.2025
VEON Holdings B.V.	Notes	6.5000%	RUB	10,000	126	11.09.2025
VEON Holdings B.V.	Cash-pool overdrawn accounts **				152	
TOTAL VEON Holdings B.V.					**6,065**	
PJSC VimpelCom	Loan from VIP Finance Ireland*	7.7480%	USD	262	262	02.02.2021
PJSC VimpelCom	Other				10	
TOTAL PJSC VimpelCom					**272**	
PMCL	Loan from Habib Bank Limited	6M KIBOR + 0.90%	PKR	667	4	15.12.2020
PMCL	Loan from ING Bank N.V.	6M LIBOR + 1.9%	USD	37	37	15.12.2020
PMCL	Loan from MCB Bank Limited	6M KIBOR + 0.8%	PKR	2,667	16	15.12.2020
PMCL	Loan from Habib Bank Limited	6M KIBOR + 0.35%	PKR	6,667	40	15.06.2022
PMCL	Syndicated Loan Facility	6M KIBOR	PKR	3,394	21	15.12.2023
PMCL	Syndicated Loan Facility	6M KIBOR	PKR	2,111	13	15.12.2023
PMCL	Syndicated Loan Facility	6M KIBOR + 0.35%	PKR	17,117	103	15.06.2022
PMCL	Syndicated Loan Facility	6M KIBOR + 0.75%	PKR	33,848	204	02.09.2026
PMCL	Islamic Financing Facility	6M KIBOR + 0.75%	PKR	10,000	61	02.09.2026
PMCL	Other				15	
TOTAL Pakistan Mobile Communications Limited					**514**	
Banglalink	Syndicated Loan Facility	Average bank deposit rate + 4.25% or 5.75%	BDT	6,939	82	24.06.2022
Banglalink	Syndicated Loan Facility	Average bank deposit rate + 3.0%	BDT	872	10	24.12.2020
Banglalink	**Other**				**3**	
TOTAL Banglalink Digital Communications Ltd.					**95**	
Other entities	Cash-pool overdrawn accounts** and other				14	
Total VEON consolidated					**6,959**	

** Funded by the issuance of loan participation notes by VIP Finance Ireland.*

*** As of September 30, 2020, some bank accounts forming part of a cash pooling program and being an integral part of VEON's cash management remained overdrawn by USD 165 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 nine-month period ended September 30, 2020, our capital expenditures excluding licenses and right-of-use assets (**"CAPEX exc. licenses and ROU"**) were USD 1,214 million compared to USD 1,163 million in the nine-month period ended September 30, 2019. The increase was primarily due to continued investment in network development in Pakistan, Ukraine and Bangladesh.

We expect that CAPEX exc. licenses and ROU in 2020 will mainly consist of investing in high-speed data networks to capture mobile data growth, including the continued roll-out of 4G networks in Russia, Algeria, Bangladesh, Pakistan and Ukraine. We expect these expenditures to continue to be significant throughout the remainder of 2020.

Management anticipates that the funds necessary to meet our current and expected capital requirements and debt repayments 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; and
- Issuances of debt securities on capital markets.

As of September 30, 2020, we had an undrawn amount of USD 1,679 million under existing credit facilities.

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

Below is the reconciliation of CAPEX exc. licenses and ROU to cash flows used in the purchase of property and equipment and intangible assets:

(In millions of U.S. dollars)	**Nine months ended September 30,** 2020	2019
CAPEX exc. licenses and ROU	1,214	1,163
Adjusted for:		
Additions of licenses	50	18
Additions of right-of-use assets	124	116
Difference in timing between accrual and payment for capital expenditures	(101)	(100)
Purchase of property, plant and equipment and intangible assets	**1,287**	**1,197**

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 September 30, 2020, the largest currency exposure risks for our group were in relation to the Russian ruble, the Pakistani rupee, the Algerian dinar, the Bangladeshi taka, the Ukrainian hryvnia and the Uzbek som, because the majority of our cash flows from operating activities in Russia, Pakistan, Algeria, Bangladesh, Ukraine and Uzbekistan are denominated in each of these 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 September 30, 2020, we held approximately 57% of our readily available cash and bank deposits in U.S. dollars in order to hedge against the devaluation risk of currencies in countries where we operate. 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 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 2019 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 September 30, 2020, the interest rate risk on the financing of our group was limited as 82% of our group's total debt was fixed rate debt.

Unaudited interim condensed
consolidated financial statements

VEON Ltd.

As of and for the nine and three-month periods
ended September 30, 2020

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the nine and three-month periods ended September 30

		Nine-month period		Three-month period	
(In millions of U.S. dollars, except per share amounts)	**Note**	**2020**	**2019**	**2020**	**2019**
Service revenues		5,629	6,161	1,856	2,076
Sale of equipment and accessories		269	322	109	121
Other revenue		83	125	28	27
Total operating revenues	2	**5,981**	**6,608**	**1,993**	**2,224**
Other operating income	4	4	350	2	—
Service costs		(1,130)	(1,154)	(384)	(397)
Cost of equipment and accessories		(263)	(323)	(100)	(117)
Selling, general and administrative expenses		(1,965)	(2,201)	(613)	(723)
Depreciation		(1,193)	(1,218)	(389)	(406)
Amortization		(260)	(299)	(82)	(94)
Impairment (loss) / reversal	6	(790)	(100)	(789)	(90)
Gain / (loss) on disposal of non-current assets		(16)	(28)	(4)	(13)
Gain / (loss) on disposal of subsidiaries		—	1	—	—
Operating profit / (loss)		**368**	**1,636**	**(366)**	**384**
Finance costs		(568)	(670)	(177)	(249)
Finance income		20	44	5	16
Other non-operating gain / (loss)		100	14	(1)	—
Net foreign exchange gain / (loss)		(15)	(29)	6	(20)
Profit / (loss) before tax		**(95)**	**995**	**(533)**	**131**
Income tax expense	3	(255)	(360)	(111)	(100)
Profit / (loss) for the period		**(350)**	**635**	**(644)**	**31**
Attributable to:					
The owners of the parent		(356)	599	(620)	35
Non-controlling interest		6	36	(24)	(4)
		(350)	**635**	**(644)**	**31**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent		**($0.20)**	**$0.34**	**($0.35)**	**$0.02**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine and three-month periods ended September 30

		Nine-month period		Three-month period	
(In millions of U.S. dollars)	**Note**	**2020**	**2019**	**2020**	**2019**
Profit / (loss) for the period		**(350)**	**635**	**(644)**	**31**
Items that may be reclassified to profit or loss					
Foreign currency translation	1	(705)	(9)	(219)	(31)
Other		7	10	6	10
Items reclassified to profit or loss					
Other		(13)	—	(8)	—
Other comprehensive income / (loss), net of tax		**(711)**	**1**	**(221)**	**(21)**
Total comprehensive income / (loss), net of tax		**(1,061)**	**636**	**(865)**	**10**
Attributable to:					
The owners of the parent		(987)	668	(836)	29
Non-controlling interests		(74)	(32)	(29)	(19)
		(1,061)	**636**	**(865)**	**10**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of

(In millions of U.S. dollars)	Note	September 30, 2020	December 31, 2019
Assets			
Non-current assets			
Property and equipment	5	6,155	7,340
Intangible assets	6	4,065	5,688
Investments and derivatives	7	287	235
Deferred tax assets		176	134
Other assets		165	163
Total non-current assets		**10,848**	**13,560**
Current assets			
Inventories		98	169
Trade and other receivables		533	628
Investments and derivatives	7	216	82
Current income tax assets		31	16
Other assets		303	354
Cash and cash equivalents	8	1,081	1,250
Total current assets		**2,262**	**2,499**
Total assets		**13,110**	**16,059**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		(25)	1,226
Non-controlling interests		857	994
Total equity		**832**	**2,220**
Non-current liabilities			
Debt and derivatives	7	7,061	7,759
Provisions		116	138
Deferred tax liabilities		108	141
Other liabilities		26	33
Total non-current liabilities		**7,311**	**8,071**
Current liabilities			
Trade and other payables		1,684	1,847
Debt and derivatives	7	2,109	2,585
Provisions		169	222
Current income tax payables		161	102
Other liabilities		844	1,012
Total current liabilities		**4,967**	**5,768**
Total equity and liabilities		**13,110**	**16,059**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended September 30, 2020

(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
			Attributable to equity owners of the parent							
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		—	—	—	—	(356)	—	(356)	6	(350)
Other comprehensive income / (loss)		—	—	—	(6)	(4)	(621)	(631)	(80)	(711)
Total comprehensive income / (loss)		—	—	—	(6)	(360)	(621)	(987)	(74)	(1,061)
Dividends declared	10	—	—	—	—	(262)	—	(262)	(64)	(326)
Other		—	—	—	(2)	26	(26)	(2)	1	(1)
As of September 30, 2020		**1,749,127,404**	**2**	**12,753**	**(1,895)**	**(1,926)**	**(8,959)**	**(25)**	**857**	**832**

for the nine-month period ended September 30, 2019

(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
			Attributable to equity owners of the parent							
As of December 31, 2018		**1,749,127,404**	**2**	**12,753**	**743**	**(1,412)**	**(8,416)**	**3,670**	**(891)**	**2,779**
Adjustments arising due to IFRS 16		—	—	—	—	(3)	—	(3)	(1)	(4)
As of January 1, 2019		**1,749,127,404**	**2**	**12,753**	**743**	**(1,415)**	**(8,416)**	**3,667**	**(892)**	**2,775**
Profit / (loss) for the period		—	—	—	—	599	—	599	36	635
Other comprehensive income / (loss)		—	—	—	9	1	59	69	(68)	1
Total comprehensive income / (loss)		—	—	—	9	600	59	668	(32)	636
Dividends declared	10	—	—	—	—	(525)	—	(525)	(108)	(633)
Changes in ownership interest in a subsidiary that do not result in loss of control		—	—	—	(2,563)	—	—	(2,563)	1,965	(598)
Other		—	—	—	2	(9)	(1)	(8)	1	(7)
As of September 30, 2019		**1,749,127,404**	**2**	**12,753**	**(1,809)**	**(1,349)**	**(8,358)**	**1,239**	**934**	**2,173**

for the three-month period September 30, 2020

(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
		Attributable to equity owners of the parent								
June 30, 2020		**1,749,127,404**	**2**	**12,753**	**(1,894)**	**(1,303)**	**(8,747)**	**811**	**891**	**1,702**
Profit / (loss) for the period		—	—	—	—	(620)	—	(620)	(24)	(644)
Other comprehensive income / (loss)		—	—	—	(1)	(3)	(212)	(216)	(5)	(221)
Total comprehensive income / (loss)		—	—	—	(1)	(623)	(212)	(836)	(29)	(865)
Dividends declared	10	—	—	—	—	—	—	—	(5)	(5)
Other		—	—	—	—	—	—	—	—	—
September 30, 2020		**1,749,127,404**	**2**	**12,753**	**(1,895)**	**(1,926)**	**(8,959)**	**(25)**	**857**	**832**

for the three-month period September 30, 2019

(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
		Attributable to equity owners of the parent								
June 30, 2019		**1,749,127,404**	**2**	**12,753**	**744**	**(1,157)**	**(8,342)**	**4,000**	**(1,010)**	**2,990**
Profit / (loss) for the period		—	—	—	—	35	—	35	(4)	31
Other comprehensive income / (loss)		—	—	—	9	—	(15)	(6)	(15)	(21)
Total comprehensive income / (loss)		—	—	—	9	35	(15)	29	(19)	10
Dividends declared	10	—	—	—	—	(228)	—	(228)	—	(228)
Changes in ownership interest in a subsidiary that do not result in loss of control		—	—	—	(2,563)	—	—	(2,563)	1,965	(598)
Other		—	—	—	1	1	(1)	1	(2)	(1)
September 30, 2019		**1,749,127,404**	**2**	**12,753**	**(1,809)**	**(1,349)**	**(8,358)**	**1,239**	**934**	**2,173**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine-month period ended September 30

		Nine-month period	
(In millions of U.S. dollars)	**Note**	**2020**	**2019**
Operating activities			
Profit / (loss) before tax		(95)	995
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		2,243	1,617
(Gain) / loss on disposal of non-current assets		16	28
(Gain) / loss on disposal of subsidiaries		—	(1)
Finance costs		568	670
Finance income		(20)	(44)
Other non-operating (gain) / loss		(100)	(14)
Net foreign exchange (gain) / loss		15	29
Changes in trade and other receivables and prepayments		(133)	(181)
Changes in inventories		45	(19)
Changes in trade and other payables		81	(6)
Changes in provisions, pensions and other		(10)	51
Interest paid		(475)	(517)
Interest received		19	49
Income tax paid		(279)	(372)
Net cash flows from operating activities		**1,875**	**2,285**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(1,287)	(1,197)
Payment on deposits		(127)	(913)
Receipts from deposits		42	693
Receipts from / (investment in) financial assets		(29)	4
Other cash flows from / (used in) investing activities, net		(9)	26
Net cash flows from / (used in) investing activities		**(1,410)**	**(1,387)**
Financing activities			
Proceeds from borrowings, net of fees paid*	7	3,212	1,910
Repayment of debt	7	(3,558)	(2,120)
Acquisition of non-controlling interest		(1)	(604)
Dividends paid to owners of the parent		(259)	(520)
Dividends paid to non-controlling interests		(88)	(134)
Net cash flows from / (used in) financing activities		**(694)**	**(1,468)**
Net (decrease) / increase in cash and cash equivalents		(229)	(570)
Net foreign exchange difference		(59)	(23)
Cash and cash equivalents at beginning of period, net of overdrafts		1,204	1,791
Cash and cash equivalents at end of period, net of overdrafts**	**8**	**916**	**1,198**

* *Fees paid for borrowings were US$21 (2019: US$19).*

** *Overdrawn amount was US$165 (2019: US$119)*

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 nine-month period ended September 30, 2020

Financing activities

In July 2020, VEON Holdings B.V. successfully refinanced its existing RUB30 billion (US$422) bilateral term loan agreement with VTB Bank. For further details please refer to Note 7.

In June 2020, VEON Holdings B.V. entered into a new RUB bilateral term loan agreement with Sberbank for a total amount of RUB100 billion (US$1,450), which was used to refinance the existing Sberbank facilities. Currently, RUB80 billion remains outstanding under the new facilities. For further details please refer to Note 7.

In April 2020, VEON Holdings B.V. established a Global Medium Term Note program for the issuance of bonds in multiple currencies, with a limit equivalent to US$6,500. In June and September 2020, VEON Holdings B.V. issued senior unsecured notes of RUB20 billion (US$288) and RUB10 billion (US$135), respectively, under the program. For further details please refer to Note 7.

Coronavirus outbreak

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

The second quarter saw the full impact on our operations of the lockdowns imposed across our markets in response to the COVID-19 pandemic. This resulted in material disruption to our retail operations following store closures, which impacted gross connections and airtime sales. Restrictions on travel resulted in a significant decline in roaming revenues and the loss of migrant customers from our subscriber base, particularly in Russia.

Although VEON's operations remained impacted by lockdown measures throughout the third quarter, a gradual lifting of restrictions enabled the start of economic activity normalization and a sequential recovery in the performance of our operating markets.

Revenue trends remained divergent. Demand for our data services remains strong, enabling us to continue to grow our data revenues at a double-digit pace. We also experienced a continued shift in data traffic from mobile to fixed networks as lockdowns encouraged home working and schooling alongside a greater use of devices through our domestic broadband services.

An increase in demand for hard currencies has resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, during the nine-month period ended September 30, 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$705 recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

Our management has taken appropriate measures to keep our personnel safe and secure. As of the date of these financial statements, we have not observed any particular material adverse impacts to our business, financial condition, and results of operations, other than as described above, and the group liquidity is sufficient to fund the business operations for at least another 12 months.

Other developments

In September 2020, the Dhabi Group exercised its put option to sell VEON its 15% shareholding in Pakistan Mobile Communications Ltd (**"PMCL"**), the Company's subsidiary in Pakistan. For further details please refer to Note 7.

In September 2020, VEON recorded impairment losses in respect of its operations in Russia and Kyrgyzstan of US$723 and US$64, respectively. For further details please refer to Note 6.

In the third quarter of 2020, as a result of a change in estimate, PMCL reversed a non-income tax provision of PKR11.2 billion (US$68).

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.

As of December 31, 2019, management decided to include Kazakhstan as a separate reportable segment due to the increased impact of Kazakhstan operations on the overall business (as described in the Group’s audited annual consolidated financial statements as of and for the year ended December 31, 2019). In addition, management decided to show the financial impact of HQ and eliminations separately from operating companies. Comparative figures for nine and three-month periods ended September 30, 2019 have been adjusted to reflect this change.

Financial information by reportable segment for the nine and three-month periods ended September 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 nine-month period ended September 30

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Our cornerstone										
Russia	2,220	2,617	395	396	252	308	7	8	2,874	3,329
Our growth engines										
Pakistan	837	926	—	—	7	5	64	65	908	996
Ukraine	648	589	44	38	—	—	4	3	696	630
Kazakhstan	289	279	57	49	3	2	1	40	350	370
Uzbekistan	149	195	1	1	—	—	—	—	150	196
Our frontier markets										
Algeria	516	575	—	—	3	1	—	—	519	576
Bangladesh	396	397	—	—	—	1	7	8	403	406
Other frontier markets	82	102	20	22	4	5	—	1	106	130
Other										
HQ and eliminations	(25)	(25)	—	—	—	—	—	—	(25)	(25)
Total segments	**5,112**	**5,655**	**517**	**506**	**269**	**322**	**83**	**125**	**5,981**	**6,608**

Notes to the interim condensed consolidated financial statements

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

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2020	2019	2020	2019
Our cornerstone				
Russia	1,161	1,491	632	631
Our growth engines				
Pakistan	468	509	173	150
Ukraine	472	405	135	114
Kazakhstan	188	212	69	71
Uzbekistan	51	103	38	42
Our frontier markets				
Algeria	224	262	64	69
Bangladesh	173	170	77	62
Other frontier markets	32	45	24	22
Other				
HQ and eliminations	(142)	83	2	2
Total segments	**2,627**	**3,280**	**1,214**	**1,163**

For the three-month period ended September 30

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Our cornerstone										
Russia	713	903	130	136	101	116	2	2	946	1,157
Our growth engines										
Pakistan	278	265	—	—	4	2	21	21	303	288
Ukraine	220	216	14	13	—	—	1	1	235	230
Kazakhstan	100	99	20	16	1	—	1	—	122	115
Uzbekistan	48	65	—	—	—	—	—	—	48	65
Our frontier markets										
Algeria	172	197	—	—	1	—	—	—	173	197
Bangladesh	133	133	—	—	—	—	3	3	136	136
Other frontier markets	28	36	6	7	2	3	—	—	36	46
Other										
HQ and eliminations	(6)	(10)	—	—	—	—	—	—	(6)	(10)
Total segments	**1,686**	**1,904**	**170**	**172**	**109**	**121**	**28**	**27**	**1,993**	**2,224**

Notes to the interim condensed consolidated financial statements

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

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2020	2019	2020	2019
Our cornerstone				
Russia	377	525	217	170
Our growth engines				
Pakistan	188	140	20	32
Ukraine	160	149	39	48
Kazakhstan	64	60	17	18
Uzbekistan	6	36	12	3
Our frontier markets				
Algeria	79	89	26	21
Bangladesh	60	55	18	25
Other frontier markets	8	17	5	8
Other				
HQ and eliminations	(44)	(84)	—	1
Total segments	**898**	**987**	**354**	**326**

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

	Nine-month period		Three-month period	
	2020	2019	2020	2019
Profit / (loss) before tax	**(95)**	**995**	**(533)**	**131**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA				
Depreciation	1,193	1,218	389	406
Amortization	260	299	82	94
Impairment loss / (reversal)	790	100	789	90
(Gain) / loss on disposal of non-current assets	16	28	4	13
(Gain) / loss on disposal of subsidiaries	—	(1)	—	—
Finance costs	568	670	177	249
Finance income	(20)	(44)	(5)	(16)
Other non-operating (gain) / loss	(100)	(14)	1	—
Net foreign exchange (gain) / loss	15	29	(6)	20
Total Adjusted EBITDA	**2,627**	**3,280**	**898**	**987**

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 nine and three-month periods ended September 30:

	Nine-month period		Three-month period	
	2020	**2019**	**2020**	**2019**
Current income taxes	322	356	170	105
Deferred income taxes	(67)	4	(59)	(5)
Income tax expense	**255**	**360**	**111**	**100**
Effective tax rate	(268.4)%	36.2 %	(20.8)%	76.3 %

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the nine and three-month periods ending September 30, 2020 (-268.4% and -20.8%, respectively) was primarily driven by the recognition of non-deductible impairment losses in respect of our operating activities in Russia and Kyrgyzstan (see Note 6). In addition, the effective tax rate was impacted 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 and paid for dividends (forecasted and received) 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 nine and three-month periods ending September 30, 2019 (36.2% and 76.3%, respectively) was primarily driven by a number of non-deductible expenses in various countries recorded in our consolidated income statement, impairment charge for Kyrgyzstan and withholding taxes paid on dividends received from the operating countries.

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT TRANSACTIONS

Significant transactions in 2020

GTH restructuring

In 2020, VEON continued 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 transactions in 2019

Mandatory tender offer for shares of GTH

In August, 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of GTH's issued shares, in connection with its Mandatory Tender Offer (**"MTO"**) which commenced in July, 2019. The total price for the purchase of such shares was EGP 9,725 million (approximately US$587), reflecting the offer price per share of EGP 5.08. Following the completion of the MTO and further purchases by GTH, as of September 30, 2020, VEON and GTH hold approximately 99.59% of GTH's total outstanding equity. The MTO was funded by a combination of cash on hand and utilization of undrawn credit facilities.

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

Settlement of GTH Taxes

In June 2019, GTH reached agreement with the Egyptian Tax Authority (**"ETA"**) to settle all outstanding tax liabilities of GTH and its Egyptian subsidiaries for a total amount of US$136 (the **"GTH Tax Settlement"**). The GTH Tax Settlement is in respect of tax liabilities of GTH and its Egyptian subsidiaries for the tax years 2000 through 2018. Effective June, 2019, following the first settlement payment of US$54 by GTH to the ETA, GTH is released in relation to tax years from 2006 through 2007 and 2010 through 2018. Effective September 2019, following the second settlement payment of US$82, GTH has resolved all outstanding tax liabilities in Egypt for the tax years 2000 through 2018.

Revised technology infrastructure partnership with Ericsson

In February 2019, the Company announced a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue Manager Solution. The parties signed binding terms to vary the existing agreements and as a result VEON received US$350 during the first half of 2019. The settlement amount was recorded in the income statement within 'Other operating income'.

(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 nine-month period ended September 30:

	Nine-month period	
	2020	**2019**
Balance as of January 1	**7,340**	**4,932**
Adjustment due to new accounting standard (IFRS 16)	—	1,945
Additions	1,224	1,151
Disposals	(32)	(53)
Depreciation	(1,193)	(1,218)
Impairment (see Note 6)	(41)	(43)
Currency translation	(1,178)	201
Other	35	86
Balance as of September 30	**6,155**	**7,001**

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 nine-month period ended September 30.

	Nine-month period	
	2020	2019
Balance as of January 1	**5,688**	**5,670**
Adjustment due to new accounting standard (IFRS 16)	—	(15)
Additions	172	144
Amortization	(260)	(298)
Impairment (see below)	(731)	(57)
Currency translation	(827)	112
Other	23	24
Balance as of September 30	**4,065**	**5,580**

Goodwill

Included within total intangible asset movements for the nine-month period ended September 30, 2020, as shown above, are the following movements in goodwill for the group, per cash generating unit **("CGU")**:

CGU	September 30, 2020	Impairment	Currency translation	Other	December 31, 2019
Russia	1,049	(723)	(506)	13	2,265
Algeria	1,076	—	(91)	—	1,167
Pakistan	313	—	(22)	—	335
Kazakhstan	137	—	(17)	—	154
Uzbekistan	36	—	(2)	—	38
Total	**2,611**	**(723)**	**(638)**	**13**	**3,959**

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

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"**). In addition to the above, the Company also considered the impact of COVID-19 when reviewing for indicators of impairment (refer to Note 1).

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, 2019.

Impairment losses in 2020

In recent years, Beeline Russia has seen a decline in its subscriber and revenue market share on the back of competitive pressures in the market, which have impacted both revenues and profitability. This underperformance has negatively impacted the fair value of our Russian business, and over time has eroded the existing headroom over the book value of the business. The impact of a weaker Russian ruble, along with ongoing COVID lockdowns and associated travel restrictions, have had a negative impact on consumer spending, which weakened during the quarter. Together with a slower than anticipated recovery in Beeline's ARPU, which has in turn impacted our future projected revenue, a revision to our previous estimates has been deemed necessary.

Based on these revisions, VEON recorded an impairment of US$723 against the carrying value of goodwill in Russia in the third quarter of 2020. The recoverable amount of the CGU of US$3,001 was determined based on fair value less costs of disposal calculations (Level 3 in the fair value hierarchy) using a discounted cash flow model, based on cash flow projections from business plans prepared by management.

	September 30, 2020			June 30, 2020		
Key assumptions – Russia CGU	**Explicit forecast period**	**Terminal period**	**Combined average ***	**Explicit forecast period**	**Terminal period**	**Combined average ***
Discount rate			**10.1 %**			**9.6 %**
Average annual revenue growth rate	4.3 %	1.8 %	**3.9 %**	6.6 %	1.6 %	**5.8 %**
Average operating margin	31.2 %	35.7 %	**32.0 %**	32.4 %	35.5 %	**32.9 %**
Average CAPEX / revenue **	27.9 %	21.0 %	**26.8 %**	30.0 %	19.2 %	**28.2 %**

** Combined average based on explicit forecast period of five years (2021-2025) and terminal period (2026), excludes intervening period of 2020*

*** CAPEX excludes licenses and ROU*

Also in the third quarter of 2020, due to the unstable political environment and uncertainties arising with respect to the recoverability of our operating assets in Kyrgyzstan, VEON has fully impaired the carrying value of all operating assets of Kyrgyzstan. As a result, the Company recorded a total impairment loss of US$64, allocated against the carrying value of property and equipment (US$38), intangible assets (US$8) and other assets (US$18).

The Company also performed impairment testing for Algeria CGU during the third quarter of 2020. Based on the recoverable amount of the CGU of US$1,433, the headroom remaining for the Algeria CGU is limited although no impairment loss was recorded during the third quarter of 2020.

	September 30, 2020		
Key assumptions – Algeria CGU	**Explicit forecast period**	**Terminal period**	**Combined average ***
Discount rate			11.6 %
Average annual revenue growth rate	4.3 %	1.0 %	3.8 %
Average operating margin	39.9 %	40.4 %	40.0 %
Average CAPEX / revenue **	15.2 %	14.0 %	15.0 %

** Combined average based on explicit forecast period of five years (2021-2025) and terminal period (2026), excludes intervening period of 2020*

*** CAPEX excludes licenses and ROU*

Notes to the interim condensed consolidated financial statements

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

Sensitivity analysis

The following table illustrates the potential additional impairment for the Russia CGU and the potential impairment or remaining headroom for the Algeria CGU if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods ('+/- 1.0 pp'), as well as the change in key assumptions required in order for the recoverable amount of the CGU to be equal to its book value ('Break-even').

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

	Russia			Algeria		
Sensitivity analysis	**Combined average ***	**+/- 1.0 pp**	**Break-even ****	**Combined average ***	**+/- 1.0 pp**	**Break-even**
Discount rate	**10.1%**	**11.1%**		**11.6%**	**12.6%**	**12.2%**
Change in key assumption	0.0 pp	1.0 pp		0.0 pp	1.0 pp	0.6 pp
Headroom / (impairment)	—	*(473)*		*75*	*(44)*	—
Average annual revenue growth rate	**3.9%**	**2.9%**		**3.8%**	**2.8%**	**2.9%**
Change in key assumption	0.0 pp	(1.0) pp		0.0 pp	(1.0) pp	(0.9) pp
Headroom / (impairment)	—	*(250)*		*75*	*(12)*	—
Average operating margin	**32.0%**	**31.0%**		**40.0%**	**39.0%**	**38.7%**
Change in key assumption	0.0 pp	(1.0) pp		0.0 pp	(1.0) pp	(1.3) pp
Headroom / (impairment)	—	*(375)*		*75*	*19*	—
Average CAPEX / revenue	**26.8%**	**27.8%**		**15.0%**	**16.0%**	**16.4%**
Change in key assumption	0.0 pp	1.0 pp		0.0 pp	1.0 pp	1.4 pp
Headroom / (impairment)	—	*(380)*		*75*	*22*	—

** Combined average based on explicit forecast period of five years (2021-2025) and terminal period (2026), excludes intervening period of 2020*

*** Following the recognition of an impairment loss in the third quarter of 2020, the book value of the Russia CGU is equal to its recoverable amount. As such, the 'break-even' assumptions for the Russia are equivalent to the 'Combined average' assumptions*

Although we believe that judgments made supporting our impairment assessment are reasonable (relying on information reasonably available to us), the COVID-19 pandemic makes it challenging for us to estimate the future performance of our CGUs. As circumstances change and/or new information becomes available, we may be required to record impairments in future periods.

Impairment losses in 2019

During the third quarter of 2019, due to operational underperformance of its operations in Kyrgyzstan, the Company has revised its previous estimates and assumptions regarding the future cash flows of the Kyrgyzstan CGU. As a result, the Company recorded an impairment of US$90 against the carrying values of Kyrgyzstan CGU during the three-month period ended September 30, 2019. The impairment loss for Kyrgyzstan was allocated first to the existing carrying value of goodwill (US$54) and then subsequently to property and equipment (US$33) and intangible assets (US$3), based on relative carrying values.

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:

	September 30, 2020	December 31, 2019
At fair value		
Derivatives not designated as hedges	2	11
Derivatives designated as net investment hedges	71	—
Investments in debt instruments	68	34
	141	**45**
At amortized cost		
Security deposits and cash collateral	324	256
Other investments	38	16
	362	**272**
Total investments and derivatives	**503**	**317**
Non-current	287	235
Current	216	82

The Company holds the following debt and derivative liabilities:

	September 30, 2020	December 31, 2019
At fair value		
Derivatives not designated as hedges	45	52
Derivatives designated as net investment hedges	—	161
Contingent consideration	—	41
	45	**254**
At amortized cost		
Principal amount outstanding	6,959	7,519
Interest accrued	94	79
Discounts, unamortized fees, hedge basis adjustment	(7)	(10)
Bank loans and bonds	**7,046**	**7,588**
Lease liabilities	1,653	2,083
Put-option liability over non-controlling interest	331	342
Other financial liabilities	95	77
	9,125	**10,090**
Total debt and derivatives	**9,170**	**10,344**
Non-current	7,061	7,759
Current	2,109	2,585

Significant changes in financial assets and financial liabilities

There were no significant changes in financial assets and liabilities in the nine-month period ended September 30, 2020, 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, 2019.

Net investment hedge

During 2020, the fair values of the Company's derivatives designated as net investment hedges increased significantly due to depreciation of the Russian ruble, resulting in a US$227 gain, at its peak, recorded against the foreign currency translation reserve. This gain partially offset the translation loss related to our foreign operations described in Note 1.

Exercise of 15% PMCL put option

In September 2020, the Dhabi Group exercised its put option to sell VEON its 15% shareholding in PMCL, the Company's subsidiary in Pakistan. The transaction, which requires an independent valuation to determine the fair value of the shareholding, is expected to close in the fourth quarter of 2020. Once completed, VEON will own 100% of PMCL.

Global Medium Term Note program

In April 2020, VEON Holdings B.V. established a Global Medium Term Note program for the issuance of bonds (the **"MTN Program"**), with a program limit of US$6,500, or the equivalent thereof in other currencies. In June and September 2020, VEON Holdings B.V. issued senior unsecured notes of RUB20 billion (US$288) and RUB10 billion (US$135), respectively, under the MTN Program, maturing in June and September 2025.

Refinancing of loan agreement with VTB

In July 2020, VEON Holdings B.V. successfully refinanced its existing RUB30 billion (US$422), bilateral term loan agreement with VTB Bank. This refinancing extended the final maturity of the existing loan between VTB Bank and VEON Holdings B.V. to July 2025 and amended the interest cost from a fixed rate of 8.75% to floating rate equal to CBR Key Rate + 1.85 p.p.

Refinancing of RUB debt with Sberbank

In June 2020, VEON Holdings B.V. entered into a new RUB bilateral term loan agreement with Sberbank. The agreement comprises four facilities for a total amount of RUB100 billion (US$1,450) with final maturity dates ranging between two and four years. Shortly after the agreement was signed, VEON Holdings B.V. fully utilized three facilities for a total amount of RUB87.5 billion (US$1,281) and used the proceeds to prepay all outstanding amounts under the Sberbank term facilities agreement signed in May 2017.

In July 2020, VEON drew down the remaining RUB12.5 billion available under the facility agreement. Subsequently, in September 2020, VEON repaid this facility, originally maturing in June 2022, in full with no significant fees. The repaid facility cannot be re-borrowed.

Ex-Warid license renewal

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority (**"PTA"**) issued a license renewal decision on July 22, 2019 requiring payment of US$39.5 per MHz for 900 MHz spectrum and US$29.5 per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 (excluding advance tax of 10%). On August 17, 2019, Jazz appealed the PTA's order to the Islamabad High Court. On August 21, 2019, the Islamabad High Court suspended the PTA's order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) as per the options given in the PTA's order. In September 2019, Jazz deposited approximately US$225 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.

In May, 2020 a further US$57 was paid under protest, presented within 'Receipts from / (payment on) deposits' in the statement of cash flows. The Court heard arguments on October 21, 2020 and the matter has been adjourned for a further hearing on October 29, 2020.

Extension and extinguishment of Banglalink syndicated loan

In April 2020, Banglalink Digital Communications Limited, a wholly-owned subsidiary, extended the maturity of its US$300 syndicated loan by an additional two years to 2022. Following this extension, VEON Digital Amsterdam B.V., the Company's wholly-owned subsidiary, acquired the loan from the original lenders, leading to extinguishment of this financial liability within VEON's consolidated financial statements. No material transactional costs were incurred.

Drawdowns under the Revolving Credit Facility

In March 2020, VEON Holdings B.V., the Company's wholly-owned subsidiary, executed two drawdowns under the existing Revolving Credit Facility for an aggregate amount of US$600. Although these drawdowns are short-term in nature, VEON Holdings B.V. has an enforceable right to roll them over until final maturity date of the facility in February 2022. All outstanding drawdowns under the RCF have been fully repaid during June 2020 (US$100) and July 2020 (US$500).

Refinancing of RUB debt - AO "Alfa-Bank"

In March 2020, VEON Holdings B.V. amended and restated the existing facility with AO "Alfa-Bank", increasing its size and utilization from RUB17.5 billion to RUB30 billion (US$165). Following this amendment and restatement, the final maturity of this facility has been set to March 2025.

GTH bonds prepayment

In February 2020, GTH Finance B.V., the Company’s subsidiary, repaid at par the US$500 6.25% bonds, originally maturing April, 2020.

US$300 tap issuance of existing senior notes

In January 2020, VEON Holdings B.V., issued US$300 in senior unsecured notes due 2025, which are consolidated and form a single series with the US$700 4.00% senior notes due in 2025 issued by VEON Holdings B.V. in October 2019. VEON used the net proceeds of the tap issuance to refinance certain existing outstanding debt.

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$7,265 at September 30, 2020 (December 31, 2019: US$7,887); and
- 'Lease liabilities', for which fair value has not been determined.

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

As of September 30, 2020 and December 31, 2019, 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 nine-month period ended September 30, 2020, 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)

Contingent consideration

A reconciliation of movements relating to Contingent consideration is shown below:

	Contingent consideration
As of December 31, 2019	**41**
Fair value changes recognized in the income statement	(41)
As of September 30, 2020	**—**

In 2015, International Wireless Communications Pakistan Limited and Pakistan Mobile Communications Ltd (**"PMCL"**), each indirect subsidiaries of the Company, signed an agreement with Warid Telecom Pakistan LLC and Bank Alfalah Limited, to combine their operations in Pakistan. In July 2016, the transaction was closed and PMCL acquired 100% of the voting shares in Warid Telecom (Pvt) Limited (**"Warid"**) for a consideration of 15% of the shares in PMCL. As a result, VEON gained control over Warid.

As part of the share purchase agreement, an earn-out payment was agreed in the event that a tower transaction is effected by PMCL within four years from the acquisition date. The earn-out would also apply if another telecommunications operator in Pakistan effects a tower transaction, provided the transaction meets certain parameters, in the same timeframe. The contingent consideration would be settled with a transfer of PMCL shares.

As of June 2020, the probability of completion of a tower deal in Pakistan prior to the relevant deadline, upon which contingent consideration would be paid, became remote. As a result, the fair value of Contingent consideration was revised downwards to zero, with a corresponding gain in the consolidated income statement.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	September 30, 2020	December 31, 2019
Cash at banks and on hand	763	932
Short-term deposits with original maturity of less than three months	318	318
Cash and cash equivalents	**1,081**	**1,250**
Less overdrafts	(165)	(46)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	**916**	**1,204**

As of September 30, 2020 and December 31, 2019, there were no restricted cash and cash equivalent balances. Cash balances as of September 30, 2020 include investments in money market funds of US$177 (December 31, 2019: US$155).

As of September 30, 2020, 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$165 (2019: US$46). 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:

	September 30, 2020	December 31, 2019
Authorized common shares (nominal value of US$0.001 per share)	1,849,190,670	1,849,190,670
Issued shares, including 7,603,731 shares held by a subsidiary of the Company	1,756,731,135	1,756,731,135

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

As of September 30, 2020, the Company's largest shareholders and remaining free float are as follows:

Shareholder	Common shares	% of common and voting shares
L1T VIP Holdings S.à r.l. ("LetterOne")	840,625,001	47.9 %
Stichting Administratiekantoor Mobile Telecommunications Investor *	145,947,562	8.3 %
Free Float, including 7,603,731 shares held by a subsidiary of the Company	770,158,572	43.8 %
Total outstanding common shares	**1,756,731,135**	**100.0 %**

** LetterOne is the holder of the depositary receipts issued by Stichting and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts. According to the conditions of administration entered into between Stichting and LetterOne, Stichting has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion.*

10 DIVIDENDS PAID AND PROPOSED

The following table provides an overview of dividends declared by VEON during the nine-month period ended September 30, 2020 and 2019:

	Dividends declared	Dividends paid	Dividends, US$ cents per share	Total dividends
Final dividend for 2019	February 2020	March 2020	15	262
Interim dividend for 2019	August 2019	August 2019	13	227
Final dividend for 2018	February 2019	March 2019	17	297

The Company makes appropriate tax withholdings of up to 15% when dividends are paid to the Company's share depositary, 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 nine and three-month periods ended September 30, there were no material transactions and there were no material balances recognized with related parties as of this date.

COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

Value growth cash-based long-term incentive plans

The carrying value of obligations under the Value-growth cash based long-term incentive plan (the **"LTI Plan"**) as of September 30, 2020 and December 31, 2019, respectively, was equal to US$5 and US$9. Included within 'Selling, general and administrative expenses' for the nine and three-month periods ended September 30, 2020, respectively, is a gain of US$3 (2019: gain of US$7) and US$0 (2019: gain of US$2) relating to share-based payment expense under the LTI Plan.

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed below and elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the nine-month period ended September 30, 2020.

VEON is involved in a number of disputes, litigation and regulatory proceedings in the ordinary course of its business, including those pertaining to income and other tax claims in Pakistan of approximately PKR 37 billion (approximately US$223).

Settlement of dispute concerning sale of Telecel Globe Limited

In 2013, GTH and Niel Natural Resources Investments S.A. ("**Niel**") entered into a Share Purchase Agreement (the **"SPA"**) in relation to the proposed purchase by Niel of GTH's majority stake in Telecel Globe Limited (**"Telecel"**) and telecommunications operations in the Central African Republic and Burundi. Pursuant to the terms of the SPA and subsequent amendments agreed, deposits of US$50 were received by GTH from Niel and recorded within other financial liabilities. Upon Niel's failure to close the intended transaction and in accordance with the terms of the SPA, the deposits paid were not refunded. GTH completed the sale of Telecel in October 2014, to another purchaser for consideration less than had been agreed with Niel.

During 2019, Niel commenced legal activities in relation to the deposit monies retained by GTH. For further details, refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2019.

In June 2020, a settlement agreement was reached between GTH and Niel, which remains subject to Niel's satisfaction of certain conditions precedent, whereby GTH will pay US$9 to Niel to resolve all claims and counterclaims at issue in the dispute, as well as associated proceedings brought by Niel in the Netherlands and Egypt. The US$41 remainder of the value deferred on the balance sheet was released to profit and loss, within 'Other non-operating gain / (loss)'.

Notes to the interim condensed consolidated financial statements

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

13 EVENTS AFTER THE REPORTING PERIOD

Agreement concluded for the sale of Armenian operations

In October 2020, VEON concluded an agreement for the sale of CJSC "VEON Armenia", VEON's operating subsidiary in Armenia, to Team LLC for a consideration of US$51. It is anticipated that the transaction will close shortly.

Acquisition of 13.5% stake in ShopUp in Bangladesh

In October 2020, VEON acquired a 13.5% stake in ShopUp, Bangladesh's leading full-stack B2B commerce platform for small businesses, in exchange for purchase consideration of US$8.

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine and three-month periods ended September 30, 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (**"IASB"**).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2019.

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

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2019.

A number of new and amended standards became effective as of January 1, 2020, which did not have a material impact on VEON financial statements. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

In May 2020, the IASB issued an amendment to IFRS 16 'Leases', providing an option to apply a practical expedient in respect of accounting for certain rent concessions arising as a direct consequence of covid-19, such as rent holidays and temporary rent reductions. Under this amendment, which became effective as of June 30, 2020, lessees are exempted from having to consider whether these rent concessions are lease modifications. The Group has chosen not to apply the practical expedient available, and will therefore account for any rent concessions as lease modifications.

Amsterdam, October 29, 2020

VEON Ltd.