Message from our Group CFO

Joop Brakenhoff
Group Chief Financial Officer

3.69bn
Revenue (USD)
-1.5% YoY
16.4% YoY in local currency

1.61bn
EBITDA (USD)
-7.9% YoY
9.9% YoY in local currency

We started the year with a commitment to leave Russia, restructure our Head Office, facing the consequences of the war in Ukraine and the challenges of inflationary forces that were causing devaluations in our frontier countries. By the end of the year, we had a strengthened balance sheet following a successful exit from Russia, strong revenue and EBITDA growth in local currency across all our Operating Companies (OpCos), having maintained and enhanced communication and connectivity in Ukraine.

Focusing on strengthening the balance sheet and concentrating on our Digital Operator 1440 strategy has delivered higher Average Revenue Per User (ARPU), strong double-digit revenue in local currencies and EBITDA growth across four of our six markets – with growth in Ukraine only being curtailed by the war, while EBITDA in Pakistan was only impacted by extraordinary non-recurring items.

The deleveraging of the company through FY 2023 leaves VEON with a strengthened balance sheet and gross debt reduced from USD7.5 billion to USD4.7 billion. This deleveraging resulted mainly from the sale of our Russian operations and the partial repayment of bonds.

2023 Performance

During a year when global inflation was a challenge to all, we put in place a value pricing strategy to ensure our revenue growth exceeded the increase in costs.

Through careful management of products and bundles based on our portfolio of digital services, we attracted higher ARPU customers, reduced churn and sold more services. As a result, some of our lower ARPU customers, who are unlikely to transition into multiplay users, left.

In local currency terms, VEON Group revenue increased by 16.4% while EBITDA grew by 9.9%. With currency exchange rate fluctuations working against us, these strong local currency results did not carry through to reported currency results for now, and we recorded -1.5% revenue growth and -7.9% EBITDA growth when expressed in USD terms. When global interest rates go down, the currency situation will stabilise and potentially improve with the expected reduction in global inflation. We note that volatility caused by election periods in our OpCos is now at an end.

2023 was a challenging year for VEON, but it also gave us the opportunity to demonstrate both our strength and our resilience.

Among a series of strong OpCo results, our star performers within the VEON Group were Uzbekistan and Kazakhstan. Uzbekistan saw 22.6% revenue growth in local currency (15.3% in reported currency) while Kazakhstan revenues grew by 20.6% (21.8% in reported currency) and EBITDA increased by 30% in local currency (31.2% in reported currency).

2023 saw strong equity free cash flow and we closed the year with USD1.7 billion in cash, of which USD1.3 billion is located at HQ. Our net debt position stands at USD2.0 billion when lease debt of USD1.0 billion and the USD1.7 billion in cash are deducted from the total debt position of USD4.7 billion. We believe this to be a healthy debt to revenue/EBITDA ratio and will continue to deleverage the Group.

As part of our post-Russia restructuring, we fully repaid our USD1 billion Revolving Credit Facility (RCF) in March 2024.

In 2023, we took active steps to reduce Group HQ costs by approximately 50%. This is consistent with our policy of decentralisation, as we push decision-making responsibility to our OpCos and build their financial self-sustainability. This includes the securing of local financing which we believe to be beneficial, even at the cost of higher interest rates.

Note: Financial information presented in this report have not been externally audited

Message from our Group CFO continued

Success factors

Unquestionably, a key contributor to our financial success was our DO1440 strategy through which we seek to engage and support our customers with a digital service for the 1440 minutes that comprise each day.

While the mix of digital services varies from country to country depending on the cultural and legal environment, we specifically target the entertainment, finance, education and healthcare sectors. 2023 saw significant progress in the development of each of these.

The DO1440 strategy has resulted in the rapid growth of our multiplay users. In 2023, multiplay and 4G revenues grew by 25.8% in local currencies (9.2% reported) to USD1.8 billion. We expect continued growth through our DO1440 strategy as more customers transition to 4G. Today we have 93.6 million 4G customers, an increase of 10.7% over 2022, but that only represents a penetration rate of 59.9%.

As well as driving revenue and EBITDA growth, these digital services are creating strong local businesses and becoming valuable brands in themselves. We believe that the revenue and EBITDA contribution from digital services to the VEON Group will increase substantially over the next five years, as we both organically grow our existing portfolio and create new brands.

The demographics in our operating countries are beneficial. Through population growth, VEON can add between five to eight million new customers each year in the foreseeable future. These new customers are highly likely to be digital natives who engage extensively with digital services, with the higher ARPU that this generates. We also believe that this favourable demographic off-sets the investment exposure that is inherent in frontier markets.

Post Russia benefits

The sale of our Russian operations was completed in October 2023 and was accretive to VEON Group. We made our commitment to Ukraine clear from the very start of the war in February 2022, and the exit from Russia was the completion of our stated policy.

We are pleased that we were able to exit in a manner that deleveraged VEON, enabling us to re-engage with the world's financial institutions, but leave behind a functioning and well-run telecom operator for the people of Russia. Following our exit, VEON is unencumbered by any restrictions on trading in our shares or bonds. We are pleased to see that ratings agencies such as Fitch Ratings and S&P Global Ratings have reinitiated coverage of VEON.

Ukraine investment

Despite the cost, disruption and upheaval caused by the war in Ukraine, Kyivstar has proven to be remarkably resilient. Our team in the country has not only managed to keep the infrastructure working but is generating positive growth with an 8% YoY revenue increase in local currency (-5.4% in reported currency). Our global digital operator services in Ukraine, particularly our Kyivstar TV entertainment platform and Helsi digital healthcare service, have shown strong growth and increased their contributions to overall revenues in the country.

In 2023, we announced a USD600 million fund for the rebuilding and upgrading of the connectivity infrastructure of Ukraine. This places VEON among the leading organisations globally to have pledged investment in the redevelopment of the country.

As martial law is in force in Ukraine, preventing the repatriation of profits by VEON Group, the investment will be made through locally generated income. With EU ascendancy now on the agenda, we believe that the USD600 million is an appropriate investment in a nation with strong economic potential and where regeneration will take place through digital services rather than bricks and mortar infrastructure.

During 2023, we were subject to a freeze in corporate assets by a Ukrainian court, as part of a bid to remove all Russian influence from the country. This affected our operations in which certain individuals had indirect shareholdings. We have clearly stated our position that Kyivstar is wholly owned by VEON and that its success in keeping Ukraine connected during the war is testament to its importance as an independent operator. We are currently working with the authorities in Ukraine to resolve this issue.

ESG focus

We are aiming to strengthen our focus on ESG issues in 2024, with plans for the enhanced tracking of ESG metrics.

Telecoms have a vital role to play in environmental protection, and yet the Company recognises that we have a significant social impact, and we are conscious of our responsibilities towards the communities we serve. To that end, we will continue to support and expand initiatives that assist individuals in our operating countries through digital inclusion, health and education. We do pay strong attention to our environmental footprint and participated in 2023 to our industry association's "Energy Efficiency Benchmark" initiative.

We believe that our governance within VEON is already balanced and strong. During 2023, we reduced the size of the VEON Group Board of Directors from 11 to seven, and the GEC from eight to three, commensurate with our divestments and the reduced size of the Company. We continue to focus on the strengthening of governance within our OpCos.

We take pride of the fact that in the course of the last two years, our ESG rating with MSCI has been upgraded by two notches, from 'BBB' in 2022 to now 'AA', as we enter 2024. This places us in the ESG "leaders" category and we believe it is testament to VEON's efforts in those areas.

Message from our Group CFO continued

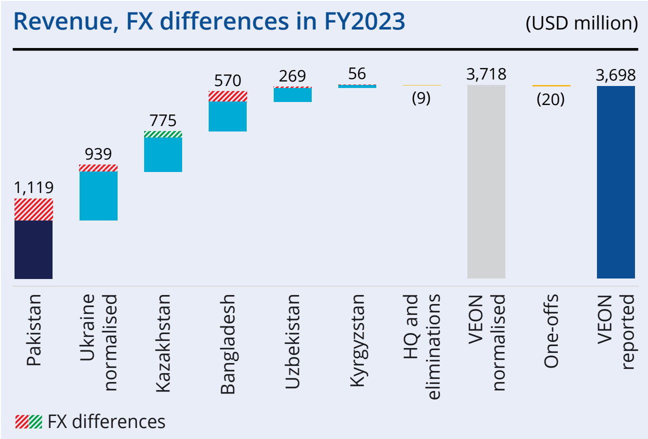
Plans for 2024

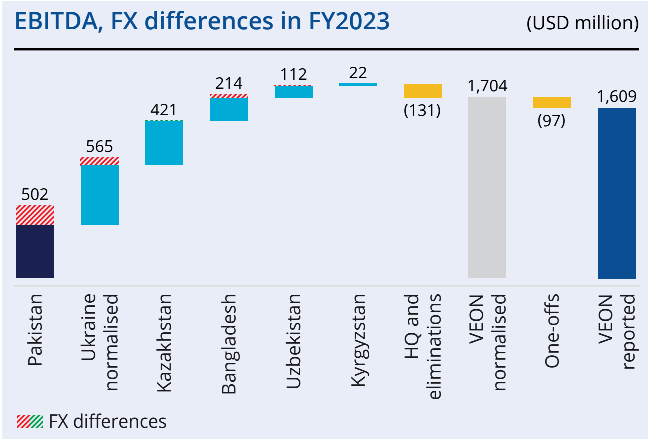
We have set our guidance for 2024 at 16% to 18% for revenue growth and 18% to 20% EBITDA growth, while maintaining a healthy 18% to 19% Capex-to-revenue ratio. These are ambitious targets but supported by a proven track record of growth and intelligent management of Capex.

1.73bn

Total cash and cash equivalents (USD)

(42.9%) YoY





With no major licensing costs on the horizon, we believe we are well-placed in 2024. In line with our strategy of investing in 4G spectrum and infrastructure as the liberating step for the Global Digital Operator model, we have deliberately chosen not to acquire the expensive 5G spectrum that we believe to be unnecessary for the frontier countries in which we operate.

We prioritise capital growth, the deleveraging of our balance sheet and sustaining our positive cash flow. We believe that capitalisation growth is the best way to reward our shareholders, especially in the context of the taxation systems in place in some OpCo countries that would negatively impact the repatriation of profits for dividend purposes.

We recognise that our OpCos are highly investable properties and are conscious of a demand by local investors in the OpCo countries to participate in their success. As a result, we are formulating plans to open investment into our OpCos, a process that we anticipate will commence with our operator Banglalink in Bangladesh within the next two years.

We believe that this initiative will enhance the relationships with the countries and communities we serve, while, at the same time, unlocking the true value of VEON.

Message from our Group CFO continued

Income statement (unaudited)

USD million	2023	2022	YoY reported	YoY LCY	YoY LCY, normalised
Total revenue	3,698	3,755	(1.5%)	16.4%	17.9%
Service revenue	3,576	3,621	(1.2%)	16.5%	18.1%
EBITDA	1,609	1,747	(7.9%)	9.9%	20.0%
EBITDA margin	43.5%	46.5%	(3.0pp)		
Depreciation, amortisation, impairments and other	(682)	(584)	(16.8%)		
EBIT (operating profit)	927	1,163	(20.3%)		
Financial expenses	(470)	(551)	14.7%		
Net foreign exchange gain and others	80	180	(55.6%)		
Other non-operating gains/(losses)	20	9	135.0%		
Profit before tax from continued operations	557	801	(30.5%)		
Income tax expense	(173)	(69)	(151.3%)		
Profit from continuing operations	384	732	(47.6%)		
(Loss)/profit from discontinued operations	(2,830)	(741)	281.8%		
(Loss)/profit for the period	(2,446)	(9)	25,904%		
– Of which profit attributable to non-controlling interest	78	153	(49.3%)		
– Of which (loss)/profit attributable to VEON's shareholders	(2,524)	(162)	1,454%		

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

Depreciation, amortisation, impairments and other (which includes gain/loss on disposal of assets and subsidiaries) on a yearly basis increased by 16.8% YoY for the period.

Net financial expenses declined by 14.7% YoY in 2023 due to lower debt balances.

Income tax expense in 2023 rose by 151% YoY as a result of higher local taxes in our operating markets.

Profit from continued operations for the FY2023 period were USD384 million.

Adjusting for extraordinary non-recurring items, that are not in the course of ordinary business, underlying or normalised YoY local currency revenue and EBITDA growth was as follows:

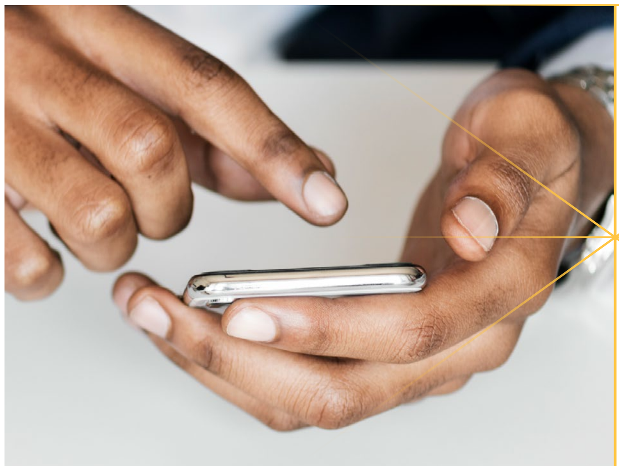
YoY growth, LCY	FY23	FY23 normalised
Total revenue	16.4%	17.9%
Service revenue	16.5%	18.1%
EBITDA	9.9%	20.0%

The Group's YoY revenue and EBITDA performance was affected by extraordinary non-recurring items:

- the cyber attack and customer retention measures following the cyber attack in Ukraine in FY2023 (c.USD22 million EBITDA impact), and
- SIM tax reversal in Pakistan in FY2022 (c. USD30 million revenue impact and c.USD91 million EBITDA impact).

Group EBITDA was also impacted by:

- Tax court dispute resolved in VEON's favour in Uzbekistan in FY2022 (c.USD20 million);
- c.USD48 million in FY2023 and c.USD29 million in FY2022 associated with the resizing of HQ and exit from Russia; and
- a provision of c.USD36 million in FY2023 related to value added tax in the Netherlands.



Message from our Group CFO continued

Balance sheet (unaudited)

USD million	31 December 2023	31 December 2022	YoY
Total assets	**8,218**	15,083	(45.5%)
Cash and cash equivalents	**1,737**	3,039	(42.9%)
Working capital	**976**	904	8.0%
Fixed assets	**4,178**	4,414	(5.3%)
Goodwill	**349**	394	(11.4%)
Assets held for sale	**0**	5,792	(100.0%)
Other assets	**812**	473	71.8%
Total liabilities	**7,142**	14,315	(50.1%)
Working capital liabilities	**2,197**	2,341	(6.1%)
Debt	**4,761**	7,571	(37.1%)
Liabilities held for sale	**0**	4,232	(100.0%)
Other liabilities	**183**	171	6.7%
Total equity, there of	**1,076**	767	40.2%
Equity change due to continuing operations for FY2023	**341**		
Equity change due to discontinued operations for FY2023	**569**		
CTA losses for FY2023	**(600)**		
Total liabilities and equity	**8,218**	15,083	(45.5%)
Gross debt, of which	**4,693**	7,479	(37.3%)
Bonds and loans – principal	**3,631**	6,670	(45.6%)
Lease liabilities – principal	**985**	809	21.7%
Long-term accounts payable and other	**77**		
Net debt	**2,955**	4,461	(33.8%)
Net debt/LTM EBITDA	**1.84x**	2.55x	
Net debt excluding leases	**1,971**	3,657	(46.1%)
Net debt excluding leases/LTM EBITDA	**1.42x**	2.36x	

Note: Certain comparative amounts have been reclassified to conform to the current period presentation. Cash and cash equivalents exclude amounts relating to banking operations in Pakistan: USD165 million as at 31 December 2023 and USD67 million as at 31 December 2022. Long-term accounts payable relate to arrangements with vendors for financing network equipment.

Total cash and cash equivalents decreased to approximately USD1.7 billion as at 31 December 2023, excluding USD165 million relating to banking operations in Pakistan, mostly due to the early redemption of the VEON Holdings' December 2023 and June 2024 notes and repayment of October 2023 notes at maturity. Of this, USD1.3 billion in cash and cash equivalents is held by VEON's HQ in Amsterdam denominated in US dollars and euro, including USD1.1 billion drawn under the Revolving Credit Facility ("RCF"). The HQ-level cash and cash equivalents are held in bank accounts, money market funds and on-demand deposits at a diversified group of international banks. Cash and cash equivalents declined by 42.9% YoY as a result of redeeming certain fixed income securities.

Gross debt increased to USD4.7 billion as at 31 December 2023. The increase in gross debt was driven by an increase in the lease liabilities and a slight increase in the bank debt at some of our operating companies. In addition, PJSC VimpelCom continue to hold USD72 million of notes that prior to the sale were classified as intercompany. Gross debt decreased for the full year by 37.1% as a result of the company's exit from its operations in Russia.

Lease liabilities increased to USD985 million at the end of 2023, which was primarily impacted by network expansion in Pakistan, Ukraine, Kazakhstan and Uzbekistan and the sale of towers in Bangladesh. Similarly, for the full year, lease liabilities increased by 21.7%.

Net debt decreased to USD3.0 billion as of 31 December 2023 mainly as result of the above mentioned decrease in gross debt and reduction in total cash and cash equivalents.

Net debt excluding leases decreased YoY to USD2.0 billion. This resulted in improved net debt/EBITDA and net debt excluding leases/EBITDA ratios of 1.84x and 1.42x, respectively. The company had significant reduction in net debt of 33.8%, and a reduction in net debt excluding leases of 45.9%, as a result of its activities in redeeming its bond and exiting its operations in Russia.

Debt maturities at HQ level, (USD million) equivalent

Year	Bonds	RCF	Total
2024	–	250	250
2025	695	805	1,500
Beyond 2025	1,108	–	1,108

Note: the amounts exclude accrued interest costs.

Message from our Group CFO continued

For the USD1,055 billion RCF, USD250 million commitments matured in March 2024 and were repaid during February 2024. The remaining USD5 million could be rolled over until final maturity in March 2025.

The ability to upstream cash to HQ level to meet obligations is currently impaired by currency controls in Ukraine and other geopolitical and FX pressures affecting emerging markets. VEON remains committed to monetising assets to enhance liquidity at the HQ level and is taking steps to regain access to capital markets on commercially acceptable terms. VEON is confident in its ability to navigate these challenges and continue to provide converged connectivity and online services to its customers globally.

Purchase of VEON Group debt

During the year ended 31 December 2023, PJSC VimpelCom independently purchased USD2,140 million equivalent of VEON Holdings B.V. Notes in order to satisfy certain Russian regulatory obligations. Upon such purchase by PJSC VimpelCom, these Notes were reclassified to intercompany debt with an equivalent reduction in gross debt for VEON Group. Out of these Notes, USD1,576 million equivalent Notes were offset against the purchase price and any notes outstanding at closing were transferred to a wholly owned subsidiary of VEON Holdings B.V. and USD406 million equivalent Notes were settled at maturity, while USD72 million equivalent of VEON Holding B.V. Notes remain held by PJSC VimpelCom as deferred consideration pending the receipt of an amended OFAC license. Upon receipt of such license, these remaining USD72 million equivalent Notes will be transferred to the wholly owned subsidiary of VEON Holdings B.V. to offset the remaining deferred purchase price for PJSC VimpelCom.

As per 31 December 2023, USD962 million of the Notes transferred to the wholly owned subsidiary remain outstanding.

For the full year, EBITDA decreased by 7.9%. Unlevered free cash flow increased by 16.4% for the full year. Equity-free cash flow followed a similar pattern and rose for the full year by 53.4%.

Even in the face of considerable macroeconomic and geopolitical challenges, the business remains highly free cash flow generative. Equity-free cash flow rose by +53% year YoY as a result. In 2023 VEON reached 73% 4G penetration in Kazakhstan and Uzbekistan, as a result capex spend will lessen which will contribute to equity-free cash flow in the years to come.

Joop Brakenhoff
Group Chief Financial Officer

29 July 2024

Cash flow (unaudited)

USD million	2023	2022	YoY change
EBITDA	**1,609**	1,747	(138)
Movements in working capital	**103**	(116)	219
Movements in provisions	**145**	48	97
Net tax paid	**(264)**	(284)	20
Cash capex	**(614)**	(714)	101
Gain/(loss) on disposal of non-current assets	**14**	20	(6)
Other movements in operating cash flows	**(125)**	44	(169)
Unlevered free cash flow	**868**	746	123
Net interest	**(435)**	(463)	28
Equity-free cash flow	**434**	283	151
Lease liabilities payments	**(147)**	(141)	(6)
License payments	**(153)**	(296)	143
Equity-free cash flow (after lease liabilities and licences)	**134**	(154)	287

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