

Country performance continued

Kyrgyzstan



Beeline

Revenue

KGS 4.1 billion

EBITDA

KGS 1.6 billion

EBITDA margin

38%

4G customers

1.3 million

4G base penetration

68%

Andrey Pyatakhin
Chief Executive Officer



Beeline Kyrgyzstan now offers 4G across much of the country to ensure customers stay connected in an increasingly digitally-connected world.

A nation of 6.2 million people with growing access to mobile broadband and smartphones, Kyrgyzstan is a country with an abundance of opportunity for VEON's digital operator model.

Beeline Kyrgyzstan is one of the nation's leading mobile operators, serving just under a third of the population with voice, data and a growing range of digital services. Kyrgyzstan has a young population, with almost half of the population under the age of 25. A similar proportion also owns a smartphone, which is fuelling growing demand for mobile and internet services.

Kyrgyzstan is one of our strongest markets in terms of 4G penetration, which reflects the progressive expansion in Beeline's 4G network across the nation's challenging mountainous terrain. The Company has made game-changing investments in the country's telecommunications infrastructure in recent years and was the first to provide 3G services. Beeline Kyrgyzstan now offers 4G across much of the country to ensure customers stay connected in an increasingly digitally connected world.

Although at an earlier stage of deployment than our other markets, Beeline is expanding the range and reach of digital services offered through our digital operator platform. These include digital payments via our mobile wallet, Balance.kg, as well as our entertainment streaming service Beeball. 2022 was a watershed year as these services moved into profitability, making a positive EBIT contribution to our business and demonstrating their ability to become a valuable contributor to future returns.

**2022 performance**

Beeline Kyrgyzstan reported double-digit growth in revenue in 2022, which in local currency terms rose by 14% YoY. This was helped by continued growth in Beeline's 4G subscriber base and a 15% YoY rise in data revenue.

On a reported basis, EBITDA fell by 21%, primarily reflecting the impact of the release of a withholding tax

provision in 2021 which boosted last year's EBITDA performance. Adjusting for this, local currency EBITDA rose by 19% on an organic basis.

2022 saw further investment in the quality and reach of Beeline's 4G network. This complemented the investment we made in an additional spectrum licence during the year to expand our spectrum capacity. We adopted a balanced investment strategy targeting specific geographic areas of improvement, including Bishkek, the nation's capital, where we doubled our subscriber base during the year and now offer the city's fastest mobile network. The south of the country was a similar focus for network expansion, which contributed to a doubling of our 4G subscriber base there.



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Country performance continued



¹ MAUs = monthly active users

Kyrgyzstan continued

ESG milestones and ambitions

The nation's digital transformation is a key development goal in Kyrgyzstan's 2018 – 2040 National Strategy. As a leading digital operator, Beeline sees a valuable role in helping to realise this ambition through encouraging digital innovation throughout the country's schools and universities.

This starts in the classroom. Beeline has created co-working centres in universities and libraries to provide students and budding entrepreneurs a bright, modern environment with free access to computers and Wi-Fi. Additionally, masterclasses in programming, project and productivity management software, and personal and professional development have been provided to support young people in developing their skills, knowledge and entrepreneurial potential while strengthening our brand awareness among socially aware subscribers.

Within Beeline itself, the opportunity for us to equip our people to advance digitisation throughout society is one we take very seriously. A lack of vocational opportunity within Kyrgyzstan is fuelling a migration of professional talent overseas. Not only can Beeline offer captivating opportunities for these individuals at home, but it can actively expand the ICT knowledge pool through the ongoing professional development we offer our employees.

Meanwhile, Beeline employees actively participate in the Company's social activities through educational projects, experience sharing and mentoring.

Vitality, these are opportunities we offer to everyone, regardless of their gender or background. Diversity is a core principle of Beeline's corporate culture. We are proud of the equality we have achieved in our workplace. Around half of our leadership team are women and we believe wholeheartedly in promoting women to leadership positions across our organisation. This is a core principle we extend with our services throughout Kyrgyzstan society, advancing digital literacy and financial inclusion to a nation where opportunities for women remain heavily influenced by culture and tradition.

MM2 LO2 LO5

The road ahead

2022 was a year of investment for Beeline as we focused on network quality and reach. 2023 will see us focus on monetising these achievements while continuing to grow the ecosystem of digital services they enable.

Mobile financial services (MFS) is a prime opportunity for us. Over time, we see scope to double our MFS revenues as the adoption of digital wallets seeds growth in customer demand for smartphone-enabled payments. Financial services is a competitive marketplace, with

traditional banks dominating customer wallet and mindshare. Yet we see indications of this changing and continue to work with local regulators to explore how Beeline can play a leading role in the nation's digital financial transition.

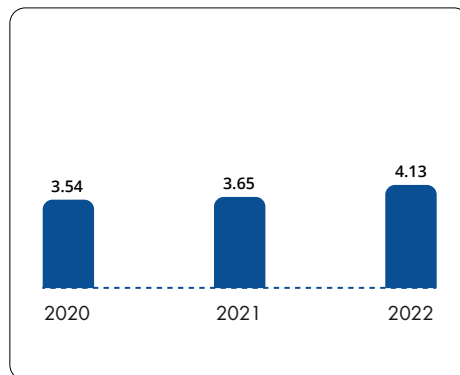
We see similar scope for growth in digital entertainment though the curation of local music and media, delivered to our customer base through sub-branded services. As with MFS, we view this opportunity as connectivity-agnostic, offering Beeline avenues to attract customers from beyond its current subscriber base.

MM2 MM4 MM5

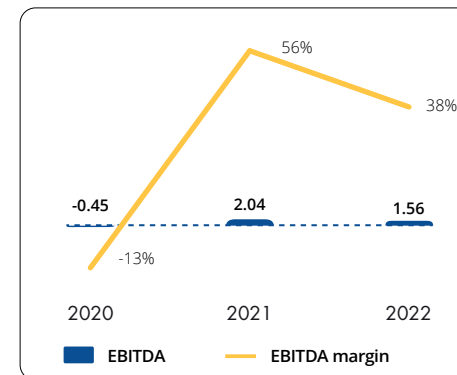
Away from retail, B2B is a digital opportunity still in its infancy but one ripe for monetisation. Data storage is a service dominated by international providers and lacks the local competition it has attracted in other markets. In partnership with others, we see scope over time for Beeline to play a leadership role in the development of local data centres. In doing so, we can help advance the cause of local data sovereignty by preventing this valuable commodity from being exported overseas, instead contributing to the development of new expertise and capabilities for its commercialisation at home.

There is much to be done to unlock the digital potential of our young country and we are excited by Beeline's role in helping the nation build its digital future.

Revenue
(KGS billion)



EBITDA and EBITDA margin
(KGS billion and percentage)



4G base and penetration
(Million and percentage)

