Earnings Release
1Q21 results

VEON

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STRONG PERFORMANCE ACROSS THE GROUP

SEES VEON RAISE FULL YEAR GUIDANCE

Amsterdam (29 April 2021) - VEON Ltd. (VEON) announces results for the first quarter ended 31 March 2021:

1Q21 HIGHLIGHTS:

- Acceleration of Group revenue and EBITDA growth on a local currency basis despite one less day in 1Q21 compared to 1Q20
- Beeline Russia reporting full quarter growth, with 1Q21 revenues up 1.4% YoY with one less trading day
- Ukraine, Kazakhstan and Pakistan in aggregate reporting +13.4% YoY revenue growth, beating their inflation rate
- Digital services continue to expand their reach, with more than 23 million monthly active users across our products
- Continued progress in optimizing our capital structure with a lower cost of debt and lengthened maturities for our funding
- FY2021 guidance increased to mid-single-digit revenue and EBITDA local currency growth, from previous guidance of low to mid-single-digit revenue and EBITDA local currency growth

- Q1 results at upper end of full-year guidance. The 4.3% YoY growth in Group total revenues in local currency in 1Q21 indicates an acceleration of growth, following 1.4% YoY growth that the Group recorded in 4Q20. Reported revenues declined 5.1% due to currency headwinds. In Russia we saw further improvement in revenue trends, with 1Q21 YoY local currency growth of 1.4% being the third successive quarter of improving revenue trends.
- Group EBITDA increased by 4.4% YoY in local currency terms, while reported Group EBITDA declined 4.9% YoY due to adverse currency movements. This solid local currency result was driven by Ukraine (+15.3%), Kazakhstan (+12.4%) and Pakistan (+8.1%). In Russia, the business reported a YoY decline in local currency EBITDA of 4.8%, a marked improvement over the -11.9% YoY EBITDA reported in 4Q20.
- We successfully implemented our investment plans, with total operational capex of USD 425 million, bringing our 12-month capex intensity to 24.7%, supporting the continued expansion of our 4G customer base during the period. The combined 4G population coverage of our operating companies reached 75.9%, an increase of 10.9pp YoY.
- The Group's 4G user base increased by 21.4 million YoY and 6.3 million QoQ, driven by targeted network investments and other customer care measures, resulting in total 4G users of 86.8 million. 4G subscriber penetration was at 40.8% at quarter-end. The Group also recorded a QoQ increase in its total subscribers, which grew by 3.6 million in 1Q21 to 212.7 million.
- Mobile data revenues for the period increased by 13.6% YoY in local currency (3.8% reported), driven by the growth in 4G users with correspondingly higher ARPUs. This growth trend in 4G users is expected be a key tailwind for the Group over the next few years, driving further growth in data revenues.
- VEON's digital businesses continued to expand customer reach. JazzCash closed the quarter with 14.0 million monthly active users (+78.8% YoY), Toffee TV in Bangladesh reached 3.3 million monthly active users from launch in November 2019 and Beeline TV had 2.9 million monthly active users (+28% YoY) in 1Q21.
- We closed 1Q21 with net debt of USD 8.3bn (including lease liabilities), corresponding to a net debt/EBITDA ratio of around 2.4x. These figures include the impact of the Pakistan put option as we settled the USD 272.5m payment and cash capex costs of approximately USD 572m. Over the past 12 months, the Group's cost of debt (excluding leases) reduced to 5.9% from 6.8%, while debt maturity increased to 3.4 years, from 2.3 years.

KEY RECENT DEVELOPMENTS

- The Group completed its acquisition of the 15% minority stake in its Pakistan operating business for USD 272.5 million
- Sergi Herrero is to step down as co-CEO, effective 30 June 2021
- Alex Bolis and Dmitry Shvets appointed to Group leadership team
- USD 1.25 billion multi-currency revolving credit facility agreement concluded
- Banglalink successfully acquired 9.4MHz frequency in spectrum auction
- VEON's Mobilink Microfinance Bank won prestigious Diversity & Inclusion CSR Award

The non-IFRS financial measures used in this document, including EBITDA, EBITDA margin, Net Debt, Equity Free Cash Flow (after licenses), Operational Capital Expenditures ("Operational capex"), Capex Intensity, local currency trends, ARPU, are defined in 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 4.

Kaan Terzioğlu and Sergi Herrero commented on 1Q21 results:

Kaan Terzioğlu:

"The momentum behind the good work done during 2020 has continued into this first quarter as the Group returned to year-over-year organic growth, continuing the positive monthly trend we saw in December 2020. A key driver of this was the strong growth of our 4G customers, now reaching 41% of our total base, a 10 percentage-point growth over the past year. I am encouraged to see the increase in users who consume our digital applications on our improving networks as they deepen their engagement with our brands. I am also particularly pleased that Beeline Russia reported positive revenue growth in local currency terms for the full quarter as we continue to execute on our turnaround strategy.

We will be executing on our growth strategy with a revised leadership structure in the coming period and I would like to thank Sergi Herrero for his contribution to the Group over the past 18 months, in particular the development of our digital businesses across our markets. I wish Sergi all the best in his future endeavors."

Sergi Herrero:

"Our digital platforms have continued to perform strongly in the period, with some good milestones across our JazzCash business in particular. I remain excited about the longer-term prospects for our digital businesses across our various operations. In the quarter we have seen Kazakhstan, Ukraine and Pakistan return towards their historic trend growth levels, with double-digit growth in local currency terms. I expect see ongoing positive momentum from these markets in the coming quarter. Cost efficiency across the operations remains a key focus in our new decentralized model, which is positive for shareholder value going forward as we continue to optimize our operations.

It has been a pleasure working together with Kaan over the past 18 months as co-CEO of the company. Over this time with the support of the Board, we have made good strides in developing new growth areas for the business. I look forward to remaining actively engaged with VEON as it continues to build value across our businesses."

KEY FIGURES

- **1Q21 Revenue:** USD 1,989 million, -5.1% YoY on a reported basis due to currency movements; accelerating growth +4.3% YoY in local currency, with solid growth in Ukraine, Kazakhstan, Pakistan revenues and improving trends in Russia
- **1Q21 EBITDA:** USD 875 million, -4.9% YoY on a reported basis due to currency movements; improving trends +4.4% YoY in local currency terms driven by the increase in Ukraine, Kazakhstan and Pakistan EBITDA, as well as continued cost optimization at HQ
- **1Q21 Operational Capex:** Strong capex execution of USD 425 million, with rolling 12-month capex intensity of 24.7%, in line with our guidance
- **Solid capital structure in 1Q21:** leverage level at 2.4x including lease liabilities (2.1x excluding lease liabilities); total cash and undrawn committed credit lines at USD 2.5 billion; average cost of debt of 5.9% and average debt maturity extended to 3.4 years
- **1Q21 profit for the period:** USD 138 million, 15.1% YoY

USD million	1Q21	1Q20	YoY reported	YoY local currency[1]
Total Revenue, of which	1,989	2,097	**(5.1%)**	**4.3%**
mobile and fixed service revenue	1,853	1,978	(6.3%)	2.9%
of which mobile data revenue	687	662	3.8%	13.6%
EBITDA	875	920	**(4.9%)**	**4.4%**
EBITDA margin (EBITDA /total revenue)	44.0%	43.9%	0.1p.p.	0.1p.p.
Net income/(loss) for the period	138	120	15.1%	
Net income/(loss) for the period attr. to VEON shareholders	129	108	19.8%	
Operational Capex	425	368	15.4%	
LTM Operational Capex / LTM Revenue	24.7%	19.5%	5.2p.p.	
Equity Free Cash Flow	(14)	109	n/m	
Net Debt	8,325	7,741	0.1p.p.	
Net Debt / LTM EBITDA	2.4	2.0		
Total mobile customers (millions)	212.7	210.9	0.9%	
4G subscribers (3 month active) (millions)	86.8	65.4	32.8%	
4G customer base penetration (3 months active), %	40.8%	31.0%	9.8p.p.	
4G smartphone users (3 months active) (millions)	100.4	84.9	18.2%	
4G smartphone penetration (3 months active), %	47.2%	40.3%	6.9p.p.	
4G coverage, %	75.9%	65.0%	10.9p.p.	
Total fixed-line broadband customers (millions)	4.5	4.3	5.9%	

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

The non-IFRS financial measures used in this document, including EBITDA, EBITDA margin, Net Debt, Equity Free Cash Flow (after licenses), Operational Capital Expenditures ("Operational capex"), Capex Intensity, local currency trends, ARPU, are defined in 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 4.

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PRESENTATION OF FINANCIAL RESULTS

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

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

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

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

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

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

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

KEY RECENT DEVELOPMENTS

FY2021 guidance increased

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

Acquisition of 15% minority stake in Pakistan for USD 272.5 million completed

On 22 March 2021, VEON successfully concluded the acquisition of the 15% minority stake in PMCL, the operating company of Pakistan's leading mobile operator, Jazz, from the Dhabi Group for USD 272.5 million.

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

Sergi Herrero to step down as co-CEO effective 30 June 2021

In April 2021, VEON announced changes to its leadership structure. Co-CEO Sergi Herrero, who joined the company in September 2019, will be stepping down as co-CEO effective 30 June 2021. Sergi is expected to continue advising the company, in particular with respect to the VEON Ventures businesses with the focus on generating value in high growth areas. Kaan Terzioğlu will continue in his role as CEO of VEON Ltd. with overall responsibility for corporate matters and the general operations of the Group.

Alex Bolis and Dmitry Shvets appointed to Group leadership team

Alex Bolis joined VEON on 1 April 2021 as Group Head of Corporate Strategy, Communications and Investor Relations following a long career at Telecom Italia S.p.A. where he held the roles of Group Treasurer, Head of Investor Relations and Strategic Advisor to the CEO. Alex also spent more than 10 years in investment banking.

Dmitry Shvets joined VEON on 15 April 2021 as Group Head of Portfolio Management, a new role that includes oversight of VEON's Performance Management and M&A teams. Dmitry has a private equity background and joins VEON from TPG Capital where he was Head of Russia and CIS.

USD 1.25 billion multi-currency revolving credit facility agreement concluded

On 9 March 2021, VEON entered into a new multi-currency revolving credit facility agreement ('RCF') of USD 1.25 billion for VEON Holdings B.V. ('VEON Holdings'). The RCF replaced the existing revolving credit facility signed in 2017. The RCF has an initial tenor of three years, with VEON Holdings having the right to request two one-year extensions, subject to lender consent. International banks from Asia, Europe and the US have committed to the RCF. VEON Holdings will have the option to make each drawdown in either U.S. dollars or euro.

Banglalink successfully acquires 9.4MHz frequency in spectrum auction

On 8 March 2021, VEON's operating company in Bangladesh, Banglalink, acquired 4.4MHz spectrum in the 1800MHz band and 5MHz spectrum in the 2100MHz band following successful bids at an auction held by the Bangladesh Telecommunication Regulatory Commission. The allotment of the license to Bangladesh took place in April 2021. The newly acquired spectrum will see Banglalink increase its total spectrum holding from 30.6MHz to 40MHz, enabling it to retain the leading position among all private operators in Bangladesh in terms of spectrum provided per subscriber. Banglalink will invest approximately BDT1,000 crore (USD115m) to purchase the spectrum, which is one of the largest investments made by an operator in the country in recent times. The increased spectrum holding is expected to enable Banglalink to bolster its efforts for nationwide 4G expansion.

VEON's Mobilink Microfinance Bank wins prestigious Diversity & Inclusion CSR Award

On 22 February 2021, VEON announced that its digital bank in Pakistan, Mobilink Microfinance Bank (MMBL), won a CSR award as a 'Diversity & Inclusion Leader' for its Humqadam initiative at the 10th Annual CSR Summit in Pakistan. Humqadam, MMBL's flagship sustainability initiative, helps people with disabilities develop essential digital and financial skills to support them in the corporate world. Humqadam trainees are given the opportunity to work across multiple MMBL departments based on their skillsets. During this rotation, they undergo an intensive three-month training program, undertake projects and receive mentoring from team leaders.

GROUP PERFORMANCE

The recovery in Group revenue and EBITDA in local currency terms achieved during the second half of 2020 accelerated in 1Q21. In 1Q20, our operations continued to face the impact of the COVID-19 pandemic, as second and third infection waves affected several of our markets and caused lockdowns to be reintroduced. However, the adjustments we have made to our business operations, including the greater use of digital channels to engage with our customers, helped Group performance, underscoring the resilience of our operating companies despite the restrictions that remain in place. While all our countries are still facing travel restrictions, which negatively impact roaming revenues, demand for our data services remained strong, enabling us to continue to grow our data revenues at a double-digit pace. In several our markets we see strong growth in fixed-line services, as our customers continue to work remotely.

In 1Q21, in local currency terms, Group revenue increased by 4.3% YoY, driven by robust growth in mobile data revenues (+13.6% YoY). EBITDA followed revenues higher, increasing by 4.4% YoY in local currency terms. Currency movements adversely affected reported Group revenue and EBITDA, declining by 5.1% and 4.9% respectively.

Ukraine, Kazakhstan and Pakistan led the Group's recovery, each delivering double-digit local currency revenue growth, comfortably above local rates of inflation. Russia saw a further improvement in revenue trends for the third successive quarter, with total revenue increasing by 1.4% YoY in local currency terms, aided by continued expansion in Beeline's 4G customer base (+11.8% YoY) and an accompanying increase in ARPU (+5.8% YoY). This 4G customer trend was reflected at the Group level, where our 4G subscriber numbers rose by 21.4 million YoY to reach 86.8 million, or around 41% of the Group's total mobile customers.

The Group maintained its resolute focus on investing in the expansion of our 4G networks during the quarter, which now reach 75.9% of the 680 million combined population of our nine operating markets, compared with 65% in 1Q20. Group capex rose by 15.4% YoY, as a consequence, to USD 425 million, corresponding to capex intensity of 24.7%.

Continued investment in our digital capabilities and services remained a key strategic focus throughout the quarter, helping us to grow our digital users significantly. Our market-leading digital financial service JazzCash ended the quarter with 14 million monthly active users, a rise of 78.8% YoY. Toffee in Bangladesh now serves 3.3 million monthly active users (+28% YoY) and our digital mobile operator in Kazakhstan, Izi, surpassed a significant milestone to end the quarter with 54,000 monthly active users, a rise of 362% YoY.

In 1Q21, we finalized arrangements to purchase our minority partner's stake in our business in Pakistan for USD 272.5 million. This results in the Group now wholly owning Pakistan's leading mobile operator, Jazz. Despite this cash payment and a rise in cash capex, Group leverage ended the quarter at 2.4x, in line with the Group's medium-term target of 2.4x.

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

With regards our plans to separate out our infrastructure assets, in our two largest tower markets, Russia and Pakistan we have separate legal entities in place that hold the tower assets. In Ukraine and Bangladesh, the teams are also making progress in this regard.

INCOME STATEMENT & CAPITAL EXPENDITURES

USD million	1Q21	1Q20	YoY reported	YoY local currency
Total revenue	1,989	2,097	(5.1%)	4.3%
Service revenue	1,853	1,978	(6.3%)	2.9%
EBITDA	875	920	(4.9%)	4.4%
EBITDA margin	44.0%	43.9%	0.1p.p.	0.1p.p.
Depreciation, amortization, impairments and other	(498)	(514)	3.1%	
EBIT (Operating Profit)	378	407	(7.1%)	
Financial income and expenses	(164)	(198)	17.3%	
Net foreign exchange (loss)/gain and others	10	(28)	137.0%	
Other non operating gains / losses	5	15	(68.2%)	
Profit before tax	229	195	17.2%	
Income tax expense	(92)	(76)	(20.5%)	
Profit/(Loss) for the period	138	120	15.1%	
Of which Profit/(Loss) attributable to non-controling interest	8	12	(28.5%)	
Of which Profit/(Loss) attributable to VEON shareholders	129	108	19.8%	

	1Q21	1Q20	YoY reported
Operational capex	425	368	15.4%
Capex intensity (LTM Operational capex/revenue)	24.7%	19.5%	5.2p.p.

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

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

Depreciation, amortization, impairments and other decreased by 3.1% YoY due to the devaluation of local currencies against the US dollar. No significant impairment charges were recorded in 1Q21.

Financial income and expenses decreased YoY from negative USD 198 million in 1Q20 to negative USD 164 million in 1Q21 as a result of our financing activities during last twelve months, which decreased our average cost of debt by 0.9p.p.

Income tax expense increased by 20.5% YoY, mainly due to increased profitability of operational companies. There were no material changes in income tax rates across our geographies in 1Q21 compared to previous periods.

The Group recorded **profit for the period of USD 138 million**, an increase of 15.1% YoY, primarily due to the net foreign exchange gains recorded in 1Q21 compared to the net foreign exchange losses recorded in the same period last year.

Operational capex was USD 425 million in 1Q21, up from the USD 368 million recorded in 1Q20, mainly due to VEON's continued focus on its 4G network investment program. Capex intensity was 24.7% in 1Q21.

FINANCIAL POSITION & CASH FLOW

USD million	1Q21	4Q20	QoQ
Total assets	14,306	14,551	(1.7%)
Shareholders' equity	298	163	82.9%
Gross debt	9,519	9,582	(0.7%)
Gross debt (excl. lease liabilities)	7,611	7,702	(1.2%)
Net debt	8,325	7,987	4.2%
Net debt (excl.lease liabilities)	6,419	6,108	5.1%
Net debt/LTM EBITDA	2.4	2.3	

USD million	1Q21	1Q20	YoY
Net cash from/(used in) operating activities	597	626	(29)
Net cash from/(used in) investing activities	(580)	(495)	(85)
Net cash from/(used in) financing activities	(423)	124	(547)

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

Gross debt was broadly stable in 1Q21 compared to 4Q20. During 1Q21 VEON secured several facilities. At the Group level, VEON Holdings signed a new USD 1.25 billion RCF and amended and restated the RUB 30 billion bilateral facility with Alfa Bank and increased it to RUB 45 billion (equivalent of USD 0.6 billion). Jazz signed a PKR 15 billion syndicated facility and a PKR 5 billion bilateral facility (equivalent of USD 0.13 billion in total). Kyivstar signed an uncommitted three-year facility with Citi of UAH 1.35 billion and upsized its facility with OTP Bank by UAH 250 million (equivalent of USD 0.05 billion in total).

Net debt (excluding lease liabilities) increased QoQ in 1Q21 to USD 6,419 million due to the minority stake acquisition in Pakistan. In March 2021, VEON successfully concluded the acquisition of the 15% minority stake in PMCL, its operating company in Pakistan, from the Dhabi Group for USD 272.5 million. This transaction follows the Dhabi Group's exercise of its put option in September 2020 and gives VEON 100% ownership of PMCL. The transaction is presented within 'Acquisition of non-controlling interest' within the Consolidated Statement of Cash Flows. The Bangladesh spectrum acquisition in 1Q21 did not have a material impact on the 1Q21 cash outflow: Banglalink paid 25% of the fees as per the payment terms; the remaining 75% will be paid in five annual installments.

Net cash from operating activities declined in 1Q21 against the previous year mainly due to negative foreign exchange headwinds in EBITDA that offset positive operational dynamics, as well as lower interest expenses.

Net cash flow used in investing activities was USD 580 million in 1Q21, increasing YoY, as a result of investment activities related to the Group's investment in high-speed data networks and the acceleration of a network deployment program in Russia in particular.

Net cash used in financing activities was USD 423 million in 1Q21, primarily due to minority stake acquisition in Pakistan for USD 272.5 million, payments related to lease liabilities (principal amount) of USD 73 million and net repayment of borrowings of USD 77 million.

COUNTRY PERFORMANCE

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

Key figures by countries

USD million	1Q21	1Q20	YoY reported	YoY local currency
Total revenue	1,989	2,097	(5.1%)	4.3%
Russia	920	1,020	(9.8%)	1.4%
Pakistan	347	316	9.8%	11.7%
Ukraine	245	238	3.0%	15.0%
Algeria	159	185	(14.0%)	(5.1%)
Bangladesh	135	137	(1.4%)	(1.6%)
Kazakhstan	128	118	8.7%	16.9%
Uzbekistan	45	55	(17.6%)	(9.2%)
Other	18	37	(50.6%)	(4.5%)
HQ and Eliminations	(8)	(9)	6.4%	
Service revenue	1,853	1,978	(6.3%)	2.9%
Russia	821	933	(12.0%)	(1.0%)
Pakistan	318	293	8.4%	10.3%
Ukraine	243	236	3.1%	15.1%
Algeria	159	184	(13.8%)	(4.9%)
Bangladesh	132	134	(1.5%)	(1.7%)
Kazakhstan	124	116	7.0%	15.1%
Uzbekistan	45	54	(17.2%)	(8.7%)
Other	18	35	(49.2%)	(4.5%)
HQ and Eliminations	(8)	(9)	5.6%	
EBITDA	875	920	(4.9%)	4.4%
Russia	361	427	(15.6%)	(4.8%)
Pakistan	156	147	6.2%	8.1%
Ukraine	167	161	3.4%	15.3%
Algeria	68	81	(15.9%)	(7.1%)
Bangladesh	55	59	(5.9%)	(6.2%)
Kazakhstan	66	63	4.6%	12.4%
Uzbekistan	22	25	(12.1%)	(3.1%)
Other	6	14	(55.9%)	(25.7%)
HQ and Eliminations	(26)	(57)	54.8%	
EBITDA Margin	44.0%	43.9%	0.1p.p.	

RUSSIA

The key focus of the Beeline team remains on improving the business' operating performance and enhancing the overall customer experience, including 4G and digital services. In 1Q21, Beeline Russia made good progress on its turnaround with both revenue growth year-on-year and customer numbers showing growth quarter-on-quarter. We anticipate further improvements in operational KPIs including network performance metrics and subscriber quarter-on-quarter trends in the course of 2021, as Beeline Russia continues with its network investment across all regions.

RUB million	1Q21	1Q20	YoY
Total revenue, incl.	68,403	67,457	1.4%
- B2C segment	49,904	50,959	(2.1%)
- B2B segment	15,343	13,837	10.9%
- other segments	3,156	2,662	18.6%
EBITDA	26,830	28,180	(4.8%)
EBITDA margin	39.2%	41.8%	(2.5p.p.)
Operational Capex	14,790	10,943	35.2%
Capex intensity	28.3%	20.4%	7.8p.p.
Mobile			
Total revenue	58,350	58,182	0.3%
Service revenue	51,301	52,518	(2.3%)
Data revenue	16,729	16,298	2.6%
Subscribers (mln)	50.0	53.5	(6.4%)
Data users (mln)	33.5	34.4	(2.6%)
4G smartphone users (mln)	28.8	28.2	2.3%
4G users (mln)	23.1	20.7	11.8%
ARPU (RUB)	340	323	5.3%
MOU (min)	311	284	9.4%
Data Usage (GB/user)	12.3	7.5	62.7%
4G coverage	89%	86%	3.0p.p.
Fixed-line			
Total revenue	10,052	9,275	8.4%
Service revenue	9,741	9,112	6.9%
Broadband revenue	2,923	2,826	3.5%
Broadband subscribers (mln)	2.9	2.7	7.1%
Broadband ARPU (RUB)	342	356	(3.9%)

Total revenue demonstrated a turnaround recording growth of 1.4% YoY in 1Q21, supported by continued growth in the fixed-line and B2B segments, as well as an improvement in handsets sales. Mobile service revenue declined by 2% YoY in 1Q21, an improvement compared to 4% YoY decline reported in 4Q20. This performance in mobile service revenue is largely explained by a 27% YoY decline in roaming revenue due to travel restrictions, a smaller incoming migrant workforce and a decline in content revenue of 28% YoY. The latter reflects Beeline's measures to eliminate unrequested services from content providers to its customers, which has proven to have a positive impact on Net Promoter Score and quarterly churn, which declined by 2.7p.p. YoY in 1Q21.

Fixed-service revenue continued to grow, increasing by 8% YoY in 1Q21, as customers continued to draw on fixed-line data at home. Broadband subscribers increased by 7% YoY in 1Q21.

Business customers remained a strong focus, **with B2B revenue** increasing by 11% YoY in 1Q21. Beeline continued to enhance its offering in the quarter with new digital services addressing growing customer's interest in integrated solutions. In addition, Big Data revenue (a group of services that analyze computationally large data sets to reveal patterns and trends) grew by 156% YoY, mainly driven by the expansion of geo-analytical services and scoring solutions. Revenue from advertising technology services increased by 128% YoY. Demand for IT solutions for business digitalization grew 4 times YoY.

Beeline's total mobile customer base declined by 6% YoY in 1Q21, impacted by high customer churn in 2Q20 due to relative network performance as well as lower sales during the strict lockdown periods. Encouragingly, Beeline managed to stabilize customer numbers in the second half of 2020 with improved quarterly trends, reporting QoQ growth in 1Q21 of 0.3% in line with QoQ growth in 4Q20 of 0.3%, supported by several initiatives. These included an accelerated network rollout, customer-centric offers and the elimination of unrequested services from content providers. Beeline Russia is successfully growing its 4G user base, which expanded by 11.8% YoY in 1Q21, as a result of improved high-speed data services.

Beeline TV monthly active users increased to 2.9 million in 1Q21 (28% YoY). In October 2020, Beeline launched a new content offering, as well as targeted customer propositions supported by an advanced customer recommendation engine.

Beeline continues to focus its distribution through online channels with a focus on self-registration products. The monthly active users of the self-care application **MyBeeline** increased by 12% YoY, which reflects Beeline's efforts to digitalize contacts with customers and partners.

EBITDA decreased by 5% YoY, primarily driven by higher network support costs as a result of considerable investment and by higher interconnect expenses.

Capex excluding licenses and leases (operational capex) increased by 35.2% YoY in 1Q21**.**Capex intensity was 28.3%, reflecting continued high levels of network investment throughout 1Q21. Beeline increased its number of 4G base stations by 25% YoY, focusing across all regions, to ensure high quality infrastructure that is ready to integrate new technologies.

UKRAINE

Kyivstar, Ukraine's market-leading telecoms operator, continued to record double-digit growth in both revenue and EBITDA in 1Q21, driven by a continued focus on 4G connectivity and digitalizing solutions for its customers. We expect Kyivstar to continue to deliver double-digit revenue growth in the remainder of 2021.

UAH million	1Q21	1Q20	YoY
Total revenue, incl.	6,842	5,950	15.0%
- B2C segment	5,965	5,153	15.8%
- B2B segment	812	763	6.4%
- Other segments	60	35	71.4%
EBITDA	4,658	4,040	15.3%
EBITDA margin	68.1%	67.9%	0.2p.p.
Operational Capex	1,077	964	11.7%
Capex intensity	19.1%	17.8%	1.2p.p.
Mobile			
Total operating revenue	6,357	5,530	14.9%
Service revenue	6,357	5,530	14.9%
Data revenue	3,837	3,004	27.7%
Customers (mln)	25.7	26.0	(1.0%)
Data customers (mln)	17.2	17.0	1.5%
4G smartphone users (mln)	15.5	13.3	16.8%
4G users (mln)	9.7	7.8	24.3%
ARPU (UAH)	82	70	16.1%
MOU (min)	633	603	5.1%
Data usage (GB/user)	6.3	4.9	27.5%
4G coverage	87%	77%	10.3p.p.
Fixed-line			
Total operating revenue	451	384	17.2%
Service revenue	451	384	17.2%
Broadband revenue	291	248	17.2%
Broadband customers (mln)	1.15	1.03	11.5%
Broadband ARPU (UAH)	85	81	5.4%

Total revenue for Kyivstar showed consistent double-digit growth for the third quarter in a row, a full recovery after lockdown measures were implemented in the spring of 2020. In 1Q21, revenue was up 15% YoY, mainly due to ARPU expansion on the back of strong 4G adoption. Mobile service revenue increased by 15% YoY, supported by marketing activities and strong growth in data consumption, with mobile data revenue growth of 28% YoY. In 1Q21, fixed-line service revenue increased by 17% YoY as customers continued to draw on fixed-line data at home, while Kyivstar focused on FTTB rollout to address this growing demand.

B2B revenues increased by 6% YoY in 1Q21, reflecting Kyivstar's promotion of new digital solutions for its business customers and rapid growth in Big Data. Kyivstar is offering Microsoft Azure Stack, one of the most popular cloud services for business, that allows the transfer of complex computing to remote facilities. For medium, small and start-up companies, Kyivstar provides Open Application Programming Interfaces (Open API), a unique platform in the market, developed fully in-house. By offering Open API, Kyivstar can provide developers with data, analytics, scoring capabilities and services in a user-friendly environment.

Kyivstar's total mobile customer base showed a YoY decline largely due to the decline of second SIM cards in the market and lower gross additions during lockdown when the strict measures in 2Q20 resulted in the partial closure of Kyivstar stores and lower customer mobility. Kyivstar recorded strong growth in the 4G segment with users up by 1.9 million (+24%) YoY, with penetration of 38% of the total base. The growth in 4G users and the associated increase in data usage contributed to an ARPU increase of 16% YoY.

Digital adoption and usage have accelerated in the last twelve months. In 1Q21, the number of MyKyivstar self-care users was at 2.7 million, up 76% YoY, while the Kyivstar TV service users increased to 414,342.

EBITDA increased by 15% YoY, resulting in an EBITDA margin of 68%. This strong growth in EBITDA was supported by solid revenue performance in the quarter.

Capex excluding licenses and leases (operational capex) increased by 11.7% YoY and capex intensity was 19.1% for 1Q21. Kyivstar's strategic focus included further 4G roll-out during the quarter, driving 4G population coverage of 87%. In 1Q21, Kyivstar and Vodafone continued their 4G mobile network sharing arrangement in rural areas and on highways. Moreover, Kyivstar played a key role in accelerating the development of the 4G nation-wide infrastructure by voluntarily returning to the state its 900 MHz bands, so that the regulator could provide opportunities to invest in new technologies to other operators who face frequency shortages.

PAKISTAN

Jazz strengthened its leading position in the market in 1Q21 and is back to double-digit growth in revenue, maintaining its strategic focus on 4G penetration and expanding digital services to drive future growth in what is one of our most exciting growth markets.

PKR million	1Q21	1Q20	YoY
Total revenue, incl.	55,050	49,282	11.7%
- B2C segment	47,911	43,016	11.4%
- B2B segment	5,514	4,680	17.8%
EBITDA	24,731	22,881	8.1%
EBITDA margin	44.9%	46.4%	(1.5p.p.)
Operational Capex	14,632	10,733	36.3%
Capex intensity	21.5%	18.1%	3.4p.p.
Mobile			
Total revenue	55,050	49,282	11.7%
Service revenue	50,424	45,717	10.3%
Data revenue	20,455	15,930	28.4%
Customers (mln)	69.2	62.0	11.7%
Data customers (mln)	47.3	40.4	17.1%
4G Smartphone users (mln)	26.5	18.0	47.4%
4G users (mln)	28.7	17.7	62.3%
ARPU (PKR)	246	247	(0.5%)
MOU (min)	464	500	(7.2%)
Data usage (GB/user)	4.5	3.0	49.9%
4G coverage	61%	54%	13.0%

Total revenue grew by 12% YoY, underpinned by another strong quarter for mobile data revenue, which grew by 28% YoY. Expansion in Jazz's 4G user base led this growth, increasing during the quarter by 3.7 million new users, an acceleration in growth compared to previous quarters (+2.9 million in 4Q20). Jazz's 4G penetration increased from 29% to 42% YoY, driven by 62% YoY increase in 4G users.

Additional users contributed to an almost 12% expansion in Jazz's **total customer base** YoY to 69 million. ARPU declined by only 0.5% YoY in 1Q21, mainly due to the overall softness in revenues due to the impact of COVID-19. Jazz continues its commercial strategy of focusing on higher quality sales to further improve the customer mix of its subscriber base, leveraging network quality and higher bundle penetration to help achieve this.

Our leading digital financial services business in Pakistan, JazzCash, experienced another strong quarter for total revenue, which grew 27% YoY. JazzCash's user base saw double-digit growth, finishing the quarter with 13.9 million monthly active users (up 79% YoY) and 30.8 million registered wallets (+67% YoY).

Jazz's self-care app, Jazz World, continued to enjoy strong levels of customer adoption. Its monthly active user base grew by 66% YoY, reaching 8.5 million in 1Q21, cementing its position as the largest telecom app in Pakistan. Our content services also enjoyed further growth, with the monthly active user base rising to 2.2 million, representing YoY growth of 37% in 1Q21.

EBITDA increased by 8.1% YoY as a result of revenue growth, partially offset by additional investments in JazzCash. Excluding these, EBITDA in the core Jazz business increased by 12.8% YoY.

Capex excluding licenses and leases (operational capex) was PKR 14.6 billion in 1Q21, resulting in capex intensity of 21.5% versus 18.1% in 1Q20. Within this, 4G network investment continued to be the principal focus, the population coverage of which reached 61% during the quarter, compared to 54% in 1Q20.

The ex-Warid license renewal was due in May 2019. Pursuant to the directions from Islamabad High Court, the Pakistan Telecommunication Authority ("PTA") issued a license renewal decision on 22 July 2019 requiring payment of USD 39.5 million per MHz for 900 MHz spectrum and USD 29.5 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately USD 450 million (excluding advance tax of 10%). On 17 August 2019, Jazz appealed the PTA's order to the Islamabad High Court. On 21 August 2019, the Islamabad High Court suspended PTA's order pending the outcome of the appeal and subject to Jazz making payment. In September 2019 and May 2020, Jazz deposited approximately USD 225 million and USD 57.5 million, respectively, in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded as a non-current financial asset in the statement of financial position. Final argument was heard by the Islamabad High Court on 1 March 2021. Judgement was reserved and the Court's decision is pending.

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

For further background, on the "suo moto order" and the subsequent discussions with the PTA, please see our 3Q20 earnings release dated 29 October 2020.

KAZAKHSTAN

Beeline Kazakhstan remained the fastest-growing business in VEON's portfolio in 1Q21, recording a revenue increase of approximately 17% YoY. This growth was underpinned by strong demand for 4G data services. Beeline continued to focus on customer base value management in order to minimize rotational churn and drive customer acquisitions amongst high-value users. Complementing this was an ongoing focus on the delivery of a growing range of digital services.

KZT million	1Q21	1Q20	YoY
Total revenue, incl.	53,702	45,954	16.9%
- B2C segment	44,158	38,716	14.1%
- B2B segment	4,646	3,651	27.3%
EBITDA	27,678	24,628	12.4%
EBITDA margin	51.5%	53.6%	(2.1p.p.)
Operational Capex	8,652	9,914	(12.7%)
Capex intensity	23.5%	24.4%	(0.9p.p.)
Mobile			
Total revenue	44,490	38,812	14.6%
Service revenue	42,976	38,213	12.5%
Data revenue	24,157	18,636	29.6%
Customers (mln)	9.5	9.6	(1.1%)
Data customers (mln)	7.2	6.7	7.8%
4G Smartphone users (mln)	6.9	6.0	15.0%
4G users (mln)	5.3	4.2	26.8%
ARPU (KZT)	1,501	1,283	17.0%
MOU (min)	311	298	4.6%
Data usage (GB/user)	12.2	7.7	58.8%
4G coverage	76.8%	69.3%	10.8%
Fixed-line			
Total revenue	9,212	7,143	29.0%
Service revenue	9,191	7,116	29.2%
Broadband revenue	4,173	3,329	25.4%
Broadband customers (mln)	0.51	0.44	15.0%
Broadband ARPU (KZT)	2,965	2,589	14.5%

Total revenues grew by 17% YoY, underpinned by both mobile service revenue growth of 13% and fixed-line service revenue of 29%. Data revenue grew by 30% YoY, which continued to drive the increase in total revenues as Beeline accelerated the growth of its 4G user base (+27% YoY), which reached 56% of its total customer base in 1Q21. This, in turn, was facilitated through a further expansion of Beeline's 4G network which now reaches 77% of the nation's population. In 1Q21, Beeline Kazakhstan successfully executed on its device strategy supported by Big Data analytics, which Beeline expects to drive further digital inclusion in the market.

Demand for Beeline's **digital services** remained strong throughout 1Q21. Beeline TV saw its monthly active user base (MAU) increase by 73% YoY due to growth in sales in fixed business and integration of TV offers into mobile bundles. Beeline's MyBeeline self-care app doubled MAUs YoY, reaching 2.2 million. Beeline's dedicated digital operator and mobile OTT services provider 'Izi' also saw further growth in its customer base, which had risen to approximately 54,000 monthly active users by the end of 1Q21.

Despite the strong growth in Beeline's 4G customers, **total customers** fell by 1% YoY in 1Q21, a much smaller decline when compared to previous quarters (-7% in 4Q20). This was a trend in 2020 that reflected the impact of IMEI registration on the industry's user base following its formal introduction in November 2019. In the meantime, IMEI has had a positive impact on customer churn, which fell from 65% in 1Q20 to 31% in 1Q21, which was also positively impacted by Beeline's broader commercial initiatives to reinforce its customer proposition and leading market position. As a result, in the longer-term, the IMEI registration requirement has been beneficial for Beeline as it has improved the quality of the company's customer base by removing multi-SIM users and zero-ARPU customers.

Fixed-line service revenues demonstrated strong growth of 29% YoY, as Beeline's fixed broadband customer base increased by 15% YoY. The rising popularity of our convergent products contributed to this success, the customer base of which grew to 102,000 (+54% YoY) with approximately 21% of our fixed-line customers now using convergent products.

EBITDA rose by 12.4% YoY, as a result of strong revenue performance and tight cost control measures.

Capex excluding licenses and leases (operational capex) was KZT 8.7 billion and capex intensity was 23.4%. In 1Q21, investments continued to be focused on expanding Beeline's 4G network in order to satisfy the continued rise in high-speed data demand that characterizes this growth market. In addition, Beeline has in place network sharing with other operators in support of the government's rural broadband initiative which aims to bridge the digital divide across the country's rural areas.

ALGERIA

DZD million	1Q21	1Q20	YoY
Total Revenue	21,174	22,315	(5.1%)
Total Revenue B2B	1,294	1,557	(16.9%)
Total Revenue B2C	19,853	20,682	(4.0%)
EBITDA	9,039	9,734	(7.1%)
EBITDA margin	42.7%	43.6%	(0.9p.p.)
Operational Capex	4,357	1,775	145.5%
Operational Capex intensity	17.1%	13.4%	3.6p.p.
Mobile			
Total revenue	21,174	22,315	(5.1%)
Service revenue	21,102	22,192	(4.9%)
Data revenue	8,565	8,236	4.0%
Customers (mln)	14.1	14.2	(0.5%)
Data customers (mln)	9.2	8.9	3.9%
4G Smartphone users (mln)	7.0	6.0	16.3%
4G users (mln)	6.0	5.1	18.3%
ARPU (DZD)	497	512	(2.9%)
MOU (min)	468	448	4.5%
Data usage (GB/user)	5.4	4.6	17.9%
4G coverage	61.0%	41.3%	19.7p.p.

In Algeria, the COVID-19 pandemic has seen a resurgence in 1Q21 with new curfew measures that were implemented at the end of 2020. This resulted in lower customer mobility which further impacted the market, while competition remained strong. Djezzy maintained its segmented approach to stay competitive in a challenging environment, notably repositioning itself towards the Algerian youth with a dedicated digital-centric platform. The 5.1% YoY 1Q21 decline in revenue was driven by aggressive price competition and the overall economic slowdown as a result of the COVID-19 pandemic.

BANGLADESH

BDT million	1Q21	1Q20	YoY
Total Revenue	11,440	11,629	(1.6%)
Total Revenue B2B	890	955	(6.8%)
Total Revenue B2C	10,540	10,659	(1.1%)
EBITDA	4,698	5,006	(6.2%)
EBITDA margin	41.1%	43.0%	(2.0p.p.)
Operational Capex	2,231	3,699	(39.7%)
Operational Capex intensity	20.3%	20.3%	(0.0p.p.)
Mobile			
Total revenue	11,440	11,629	(1.6%)
Service revenue	11,218	11,413	(1.7%)
Data revenue	2,992	2,658	12.6%
Customers (mln)	34.3	33.6	2.0%
Data customers (mln)	20.6	19.6	5.2%
4G Smartphone users (mln)	10.0	7.0	43.3%
4G users (mln)	9.0	5.4	67.2%
ARPU (BDT)	111	113	(2.0%)
MOU (min)	223	228	(2.5%)
Data usage (GB/user)	2.8	1.9	44.9%
4G coverage	67.3%	51.7%	15.6p.p.

Banglalink achieved promising growth in its customers base despite the pandemic, with its customer base growing by 2% YoY in 1Q21. The number of 4G data users reached 9.0 million following 67% YoY growth during the quarter as Banglalink continued to enhance its 4G network. Banglalink's total revenue declined in 1Q21 by 1.6% YoY, mostly due to impact of pandemic which was in its early stage in Bangladesh during the first quarter of 2020. Nevertheless, during the quarter Banglalink's data revenue increased by 12.6% YoY while data customers rose 5.2% YoY. Banglalink continued to promote the use of digital channels to facilitate top-ups, account management and the adoption of additional services. As a result, the user base of Banglalink's self-care app increased by 8% during 1Q21 compared to 4Q20. Banglalink's video streaming app "Toffee" gained 1.0 million additional active users during 1Q21, resulting in Toffee's monthly active users base reaching 3.3 million. EBITDA decreased by 6.2% YoY mainly due to the drop in revenue.

Banglalink acquired additional 4.4MHz spectrum in 1800MHz band and 5MHz spectrum in 2100MHz band through an auction initiated by the Bangladesh Telecommunication Regulatory Commission on 08 March 2021. The increased spectrum holding is expected to enable Banglalink to enhance its efforts for nationwide 4G expansion.

The Bangladesh government imposed countywide lockdown on 05 April 2021 as the pandemic surged. The lockdown restricts movement of public transport, operations of shopping centers and some other activities.

UZBEKISTAN

UZS mln	1Q20	1Q20	YoY
Total Revenue	473,616	521,512	(9.2%)
Total Revenue B2B	39,996	42,620	(6.2%)
Total Revenue B2C	428,713	477,921	(10.3%)
EBITDA	234,573	241,988	(3.1%)
EBITDA margin	49.5%	46.4%	3.1p.p.
Operational Capex	128,067	48,912	161.8%
Operational Capex intensity	31.4%	12.1%	19.3p.p.
Mobile			
Total revenue	470,381	517,519	(9.1%)
Service revenue	470,323	514,984	(8.7%)
Data revenue	301,470	298,093	1.1%
Customers (mln)	6.8	7.7	(12.6%)
Data customers (mln)	5.0	5.0	(0.3%)
4G Smartphone users (mln)	3.8	3.9	(4.1%)
4G users (mln)	3.4	2.8	19.5%
ARPU (UZS)	22,850	21,573	5.9%
MOU (min)	681	598	13.9%
Data usage (GB/user)	4.6	2.8	62.0%
4G coverage	60.0%	26.0%	34.0p.p.

In Uzbekistan, pricing pressure persisted, and the COVID-19 restrictions, which the market faced during a large part of 2020, continue to have an impact on the business and the year-on-year comparison. As a result, our customer base and revenue declined by 12.6% YoY and by 9.2% YoY in 1Q21 respectively. These nevertheless reflect an improvement in the YoY revenue trend we reported in 4Q20 and we saw customers base numbers stabilize in 1Q21 compared to 4Q20. EBITDA declined YoY due to the decrease in revenue.

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

CONFERENCE CALL INFORMATION

On 29 April 2021, VEON will host a conference call by senior management at 14:00 CEST (13:00 BST), which will be made available through the following dial-in numbers. The call and slide presentation may be accessed at http://www.veon.com.

Webcast player

Participants will be able to listen to the audio and see the slides using this webcast link:

https://edge.media-server.com/mmc/p/abqrnrr9

Participants will be able to listen to the audio and see the slides using the webcast link. Therefore, we would strongly recommend all participants to prioritize the use of the webcast link and only dial into the conference call if they wish to participate in the Q&A session.

Conference call details

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

Netherlands dial-in number:
+31 (0) 207 157 566
Confirmation ID: 1442416

UK and International dial-in number:
+44 (0) 203 009 5709
Confirmation ID: 1442416

United States dial-in number:
+1 646 787 1226
Confirmation ID: 1442416

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

CONTACT INFORMATION

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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 2021, including VEON’s ability to sufficient cash flow; VEON’s assessment of the impact of the COVID-19 pandemic on its current and future operations and financial condition; future market developments and trends; operational and network development and network investment, including expectations regarding the roll-out and benefits of 3G/4G/LTE networks, as applicable; spectrum acquisitions and renewals; the effect of the acquisition of additional spectrum on customer experience; VEON’s ability to realize the acquisition and disposition of any of its businesses and assets and to execute its strategic transactions in the timeframes anticipated, or at all; VEON’s ability to realize financial improvements, including an expected reduction of net pro-forma leverage ratio following the successful completion of certain dispositions and acquisitions; our dividends; and VEON’s ability to realize its targets and commercial initiatives in its various countries of operation. The forward-looking statements included in this press release are based on management’s best assessment of VEON’s strategic and financial position and of future market conditions, trends and other potential developments. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of further unanticipated developments related to the COVID-19 pandemic, such as the effect on consumer spending, that negatively affected VEON’s operations and financial condition; demand for and market acceptance of VEON’s products and services; our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries; continued volatility in the economies in VEON’s markets; including adverse macroeconomic developments 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, 2020 filed with the U.S. Securities and Exchange Commission (the “SEC”) and other public filings made by VEON with the SEC. Other unknown or unpredictable factors also could harm our future results. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Under no circumstances should the inclusion of such forward-looking statements in this press release be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date hereof. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made, or to reflect the occurrence of unanticipated events. Furthermore, elements of this press release contain or may contain, “inside information” as defined under the Market Abuse Regulation (EU) No. 596/2014.All non-IFRS measures disclosed further in this press release (including, without limitation, EBITDA, EBITDA margin, EBT, net debt, equity free cash flow 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 Factbook1Q2021.xls on VEON's website at https://www.veon.com/investors/reports-results/reports-results/.

ATTACHMENT A: DEFINITIONS

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

Mobile data customers are mobile customers who have engaged in revenue generating activity during the three months prior to the measurement date as a result of activities including USB modem Internet access using 2.5G/3G/4G/HSPA+ technologies.

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

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

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

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

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

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

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

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

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

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

Net debt is a non-IFRS financial measure and is calculated as the sum of interest-bearing long-term debt including capitalized leases and short-term notional debt minus cash and cash equivalents, long-term and short-term deposits. The Company believes that net debt provides useful information to investors because it shows the amount of notional debt outstanding to be paid after using available cash and cash equivalents and long-term and short-term deposits. Net debt should not be considered in isolation as an alternative to long-term debt and short-term debt, or any other measure of the Company financial position. **Net debt excluding lease obligations** is a net debt less capitalized lease.

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

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

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

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

ATTACHMENT B: CUSTOMERS

	Mobile					Fixed-line broadband				
million	1Q21	4Q20	1Q20	QoQ	YoY	1Q21	4Q20	1Q20	QoQ	YoY
Russia	50.0	49.9	53.5	0.3%	(6.4%)	2.9	2.8	2.7	0.5%	7.1%
Pakistan	69.2	66.4	62.0	4.2%	11.7%					
Ukraine	25.7	25.9	26.0	(0.5%)	(1.0%)	1.2	1.1	1.0	2.7%	11.5%
Algeria	14.1	14.1	14.2	(0.2%)	(0.5%)					
Bangladesh	34.3	33.2	33.6	3.2%	2.0%					
Kazakhstan	9.5	9.5	9.6	(0.3%)	(1.1%)	0.5	0.5	0.4	3.8%	15.0%
Uzbekistan	6.8	6.8	7.7	(0.6%)	(12.6%)			0.0		
Other	3.1	3.3	4.3	(20.9%)	(28.7%)	0.0	0.0	0.1	-	(100.0%)
Total	**212.7**	**209.1**	**210.9**	**1.7%**	**0.9%**	**4.5**	**4.4**	**4.3**	**1.4%**	**5.9%**

ATTACHMENT C: RECONCILIATION TABLES

RECONCILIATION OF CONSOLIDATED EBITDA

USD mln	1Q21	1Q20
Unaudited		
EBITDA	**875**	**920**
Depreciation	(416)	(416)
Amortization	(72)	(92)
Impairment loss	(6)	(0)
Loss on disposals of non-current assets	(4)	(6)
Operating profit	**378**	**407**
Financial Income and Expenses	(164)	(198)
- including finance income	2	9
- including finance costs	(166)	(207)
Net foreign exchange (loss)/gain and others	15	(13)
- including other non-operating (losses)/gains	5	15
- including net foreign exchange gain	10	(28)
Profit before tax	**229**	**195**
Income tax expense	(92)	(76)
Profit/(Loss) for the period	**138**	**120**
of which profit/(loss) attributable to non-controlling interest	8	12
of which profit/(loss) attributable to VEON shareholders	129	108

RECONCILIATION OF CAPEX

USD mln unaudited	1Q21	1Q20
Operational Capex	**425**	**368**
Additions of licenses	34	35
Difference in timing between accrual and payment for capital expenditures	114	46
Cash paid for purchase of property, plant and equipment and intangible assets	**572**	**449**

RECONCILIATION OF ORGANIC AND REPORTED GROWTH RATES

	1Q21 compared to 1Q20					
	Total Revenue			EBITDA		
	Local currency	Forex and Other	Reported	Local currency	Forex and Other	Reported
Russia	1.4%	(11.2%)	(9.8%)	(4.8%)	(10.8%)	(15.6%)
Pakistan	11.7%	(1.9%)	9.8%	8.1%	(1.8%)	6.2%
Ukraine	15.0%	(12.0%)	3.0%	15.3%	(11.9%)	3.4%
Algeria	(5.1%)	(8.9%)	(14.0%)	(7.1%)	(8.7%)	(15.9%)
Bangladesh	(1.6%)	0.2%	(1.4%)	(6.2%)	0.2%	(5.9%)
Kazakhstan	16.9%	(8.2%)	8.7%	12.4%	(7.8%)	4.6%
Uzbekistan	(9.2%)	(8.4%)	(17.6%)	(3.1%)	(9.0%)	(12.1%)
Total	**4.3%**	**(9.4%)**	**(5.1%)**	**4.4%**	**(9.3%)**	**(4.9%)**

RECONCILIATION OF VEON CONSOLIDATED NET DEBT

USD mln	31 March 2021	31 December 2020	30 September 2020
Net debt	**8,325**	**7,987**	**7,557**
Cash and cash equivalents	1,193	1,594	1,081
Long - term and short-term deposits	1	1	1
Gross debt	**9,519**	**9,582**	**8,639**
Interest accrued related to financial liabilities	108	92	105
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(17)	(5)	(7)
Derivatives not designated as hedges	0	273	331
Derivatives designated as hedges	33	53	45
Other financial liabilities	44	60	57
Total financial liabilities	**9,687**	**10,056**	**9,170**

RECONCILIATION OF EQUITY FREE CASH FLOW

USD million	1Q21	1Q20	YoY
EBITDA	**875**	**920**	**(4.9%)**
Movements in Working Capital	(78)	(43)	84.2%
Movements in provisions	7	(30)	n.m.
Interest paid, incl.	(132)	(158)	(16.1%)
Interest paid	(96)	(121)	(20.8%)
Lease Liabilities - Interest Component	(37)	(37)	(0.6%)
Interest received	2	9	(75.7%)
Net Tax Paid	(74)	(72)	2.4%
Cash Flow from Operating Activities	**597**	**626**	**(4.7%)**
Purchase of property, plant and equipment and intangible assets, incl.	(572)	(449)	27.5%
Operational Capex	(425)	(368)	15.4%
Licenses payments	(64)	(50)	27.9%
Working capital part related to Capex excl licenses	(84)	(31)	171.8%
Inflows/(outflows) from deposits	2	(20)	n.m.
Receipts from / (investment in) financial assets	(12)	(29)	(57.1%)
Other proceeds from investing activities, net	2	3	(17.6%)
Cash Flow from Investing Activities	**(580)**	**(495)**	**17.3%**
Lease Payments - Principal amount	(73)	(77)	(5.0%)
Excl. M&A transactions, inflow/outflow of deposits, financial assets and other one-off items	11	49	(78.3%)
Excl. balances movements in Pakistan banking	32	6	n.m.
Equity Free Cash Flow after licenses and lease payments	**(14)**	**109**	**n.m.**

EBITDA RECONCILIATION ON COUNTRY LEVEL

1Q 2021

USD mln	Russia	Pakistan	Ukraine	Algeria	Bangladesh	Kazakhstan	Uzbekistan	Other	HQ and eliminations	VEON Consolidated
EBITDA	**361**	**156**	**167**	**68**	**55**	**66**	**22**	**6**	**(26)**	**875**
Less										
Depreciation	(237)	(48)	(28)	(39)	(33)	(18)	(7)	(5)	(1)	(416)
Amortization	(25)	(10)	(13)	(6)	(4)	(11)	(1)	(1)	(1)	(72)
Impairment loss	(1)		(0)	(4)	(0)	0		(0)	0	(6)
Loss on disposals of non-current assets	(5)	1	0	(0)	0	(0)	(1)	(0)	1	(4)
Gains/(losses) on sale of investments in subsidiaries									0	0
Operating profit	**92**	**99**	**125**	**19**	**18**	**38**	**14**	**(0)**	**(26)**	**378**

RATES OF FUNCTIONAL CURRENCIES TO USD

	Average rates			Closing rates		
	1Q21	**1Q20**	**YoY**	**1Q21**	**1Q20**	**YoY**
Russian Ruble	74.34	66.38	(12.0%)	75.70	77.73	2.6%
Algerian Dinar	133.06	120.55	(10.4%)	133.95	124.71	(7.4%)
Pakistan Rupee	158.61	155.58	(1.9%)	152.86	166.25	8.1%
Bangladeshi Taka	84.73	84.91	0.2%	84.71	84.94	0.3%
Ukrainian Hryvnia	27.97	25.05	(11.6%)	27.89	28.06	0.6%
Kazakh Tenge	419.89	391.01	(7.4%)	424.34	448.01	5.3%
Uzbekistan Som	10,506.13	9,529.59	(10.2%)	10,474.98	9,554.22	(9.6%)
Armenian Dram	524.20	482.39	(8.7%)	531.17	504.47	(5.3%)
Kyrgyz Som	84.50	71.42	(18.3%)	84.78	80.81	(4.9%)
Georgian Lari	3.31	2.93	(13.2%)	3.41	3.28	(3.9%)

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 three-month period ended March 31, 2021 and 2020, and the related notes, attached hereto.

References to "VEON" as well as references to "our company," "the company," "our group," "the group," "we," "us," "our" and similar pronouns, are references to VEON Ltd. an exempted company limited by shares registered in Bermuda, and its consolidated subsidiaries. References to VEON Ltd. are to VEON Ltd. alone. The unaudited interim condensed consolidated financial statements as of March 31, 2021 and for the three-month period ended March 31, 2021 and 2020 attached hereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and are presented in U.S. dollars. VEON Ltd. adopted IFRS as of January 1, 2009.

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to implement and execute our strategic priorities successfully and to achieve the expected benefits from our existing and future transactions;
- our assessment of the impact of the COVID-19 pandemic on our operations and financial condition;
- our targets and strategic initiatives in the various countries in which we operate;
- our ability to develop new revenue streams and achieve portfolio and asset optimizations, improve customer experience and optimize our capital structure;
- our ability to generate sufficient cash flow to meet our debt service obligations, our expectations regarding working capital and the repayment of our debt and our projected capital requirements;
- our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries;
- our expectations regarding our capital and operational expenditures in and after 2021;
- our goals regarding value, experience and service for our customers, as well as our ability to retain and attract customers and to maintain and expand our market share positions;

- our plans to develop, provide and expand our products and services, including operational and network development, optimization and investment, such as expectations regarding the expansion or roll-out and benefits of 3G, 4G/LTE and 5G networks or other networks, broadband services and integrated products and services, such as fixed-mobile convergence, and digital services in the areas of financial technology, digital advertising and entertainment;
- 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;
- 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 taxation, laws on foreign investment, anti-corruption and anti-terror laws, economic sanctions, data privacy, anti-money laundering, antitrust, national security and lawful interception and their official interpretation by governmental and other regulatory bodies and courts;
- risks related to the impact of export controls, sanctions, international trade regulation, customs and technology regulation, on our ability, and the ability of important third-party suppliers to procure goods, software or technology necessary to provide services to our customers, particularly services related to the production and delivery of supplies, support services, software, and equipment sourced from these suppliers – for example, between April and July 2018, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") imposed a Denial Order against ZTE Corporation ("ZTE") under the Export Administration Regulations ("EAR") which prohibited transactions with ZTE during this time that involved goods, software or technology subject to the EAR and could have led to service degradation and disruption 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", which prohibits companies globally from directly or indirectly exporting, reexporting or in-country transferring goods, software, and technology that is subject to the EAR to Huawei and from procuring such items from Huawei when they have reason to know of any underlying U.S. export control violations in connection with those items;
- risks related to the ongoing COVID-19 pandemic, such as adverse impacts on our financial performance resulting from lockdown restrictions, changes in customer trends and the broader macroeconomic impact of the pandemic on our countries of operation;
- risks relating to a failure to meet expectations regarding various strategic initiatives, including, but not limited to, changes to our portfolio of operating companies, product and technology offerings, development of networks and customer services;
- 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, license and regulatory disputes, 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, access to additional bands of spectrum required to meet demand for existing products and service offerings or additional spectrum required from new products and services and new technologies, availability of line capacity, fiber capacity, international gateway access, 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 changes 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, implementing remedies and assuming related liabilities;
- risks associated with data protection, data breaches, cyber-attacks or systems and network disruptions, or the perception of such attacks or failures in each of the countries in which we operate, including the costs associated with such events and the reputational harm that could arise therefrom;
- risks related to the ownership of our American Depositary Receipts, including those associated with VEON Ltd.'s status as a Bermuda company and a foreign private issuer; and
- other risks and uncertainties, including those set forth in Item 3— Key Information — D. Risk Factors in our 2020 Annual Report.

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

The forward-looking statements included in this document are made only as of the date of the filing of this document. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should refer to our periodic and current reports filed or furnished, as applicable, with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.

OVERVIEW

VEON is a leading global provider of connectivity and internet services. Present in some of the world's most dynamic markets, VEON provides more than 212 million customers with voice, fixed broadband, data and digital services. VEON currently offers services to customers in 9 countries: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan, Kyrgyzstan and Georgia. We provide services under the "Beeline," "Kyivstar," "banglalink," "Jazz" and "Djezzy" brands.

BASIS OF PRESENTATION OF FINANCIAL RESULTS

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

REPORTABLE SEGMENTS

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

As of March 31, 2021, our reportable segments consist of the following seven segments: Russia, representing our "cornerstone" market; Pakistan, Ukraine, Kazakhstan and Uzbekistan, representing our "growth engines"; and Algeria and Bangladesh, representing our "frontier markets".

We also present our results of operations for our "Other frontier markets" and "HQ and eliminations" although these are not reportable segments. "Other frontier markets" represents our results of operations in Kyrgyzstan, 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 FIRST QUARTER OF 2021

Shareholders trading on NASDAQ no longer subject to annual depository fee

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

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

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

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

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

Appointment of CEO of Beeline Uzbekistan

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

VEON completes the acquisition of minority shareholding in PMCL

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

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

Other financing activities

In March 2021, VEON successfully amended and restated its existing RUB 30 billion (US$396), bilateral term loan agreement with Alfa Bank and increased the total facility size to RUB 45 billion (US$594), by adding a new floating rate tranche of RUB 15 billion (US$198). The new tranche has a five year term. Subsequently, in April 2022, the proceeds from the new tranche were used to early repay RUB 15 billion loans from Sberbank, originally maturing in June 2023.

Recent developments

Leadership changes

In April 2021, VEON announced changes to its leadership structure. Co-CEO Sergi Herrero, who joined the company in September 2019, will step down as co-CEO effective June 30, 2021. Sergi is expected to continue advising the company, in particular with respect to the VEON Ventures businesses which focus on generating value in high growth areas. Kaan Terzioglu will continue in his role as CEO of VEON Ltd. with overall responsibility for corporate matters and the general operations of the group.

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

VEON

RESULTS OF OPERATIONS

FINANCIAL PERFORMANCE FOR THREE MONTHS ENDED March 31,

(In millions of U.S. dollars)	**2021**	**2020**
Service revenues	1,853	1,978
Sale of equipment and accessories	105	88
Other revenue	31	31
Total operating revenues	**1,989**	**2,097**
Other operating income	1	—
Service costs	(365)	(381)
Cost of equipment and accessories	(102)	(89)
Selling, general and administrative expenses	(647)	(706)
Depreciation	(416)	(416)
Amortization	(72)	(92)
Impairment (loss) / reversal	(6)	—
Gain / (loss) on disposal of non-current assets	(4)	(6)
Operating prof t / (loss)	**378**	**407**
Finance costs	(166)	(207)
Finance income	2	9
Other non-operating gain / (loss)	5	15
Net foreign exchange gain / (loss)	10	(29)
Profit / (loss) before tax	**229**	**195**
Income tax expense	(91)	(75)
Profit / (loss) for the period	**138**	**120**
Attributable to:		
The owners of the parent	130	108
Non-controlling interest	8	12
	138	**120**

TOTAL OPERATING REVENUE

Our consolidated total operating revenue decreased by 5.2% year-on-year, primarily due to the devaluation of currencies in the countries in which we operate. However, in local currency terms we observed year-on year growth in mobile data revenues. Ukraine, Kazakhstan and Pakistan were the main drivers during the quarter for overall organic growth in group revenue. Russia also saw a slight growth year-on-year in local currency terms owing to strong fixed-line service revenue growth and an increase in device sales

	Three-month period ended March 31	
(In millions of U.S. dollars)	**2021**	**2020**
Our cornerstone		
Russia	920	1,020
Our growth engines		
Pakistan	347	316
Ukraine	244	238
Kazakhstan	127	118
Uzbekistan	45	55
Our frontier markets		
Algeria	160	185
Bangladesh	135	137
Other frontier markets	18	38
Other		
HQ and eliminations	(7)	(10)
Total segments	**1,989**	**2,097**

OPERATING PROFIT

Our consolidated operating profit fell during the quarter to USD 378 million in the three-month period ended March 31, 2021 compared USD 407 million in the three-month period ended March 31, 2020. This was primarily due to lower operating revenues as discussed above, partially offset by reduced service costs and lower selling, general and administrative expenses.

NON-OPERATING PROFITS AND LOSSES

Finance costs

Our finance costs decreased to USD 166 million in the three-month period ended March 31, 2021 compared to USD 207 million in the three-month period ended March 31, 2020 primarily due to lower interest charges on loans owing to lower cost of debt in almost all currencies.

Finance income

Our consolidated finance income decreased to USD 2 million in the three-month period ended March 31, 2021 compared to USD 9 million in the three-month period ended March 31, 2020. This was primarily due to lower cash and deposit balances.

Other non-operating gain / loss

Other non-operating gain in the three-month period ended March 31, 2021 was USD 5 million compared to a non-operating gain of USD 15 million in the three-month period ended March 31, 2020.

Net foreign exchange gain / loss

During the three-month period ended March 31, 2021, we recognized a net foreign exchange gain of USD 10 million compared to a loss of USD 29 million during the three-month period ended March 31, 2020. This year-on-year change is primarily due to stabilization of the Pakistani Rupee that was partially offset by the devaluation of other currencies during Q1 2021 as compared to the previous year.

INCOME TAX EXPENSE

Our consolidated income tax expense increased by 21% to USD 91 million in the three-month period ended March 31, 2021 compared to USD 75 million in the three-month period ended March 31, 2020, due to higher profit before tax.

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

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

Our profit / (loss) for the period attributable to the owners of the parent for the three-month period ended March 31, 2021 increased to a profit of USD 130 million as compared to a profit of USD 108 million for the same period last year.

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

Profit / (loss) for the period attributable to non-controlling interest for the three-month period ended March 31, 2021 decreased to USD 8 million as compared to USD 12 million for the same period last year.

ADJUSTED EBITDA

	Three months ended March 31,	
In millions of U.S. dollars	**2021**	**2020**
Our cornerstone		
Russia	361	427
Our growth engines		
Pakistan	156	147
Ukraine	167	161
Kazakhstan	66	63
Uzbekistan	22	25
Our frontier markets		
Algeria	68	81
Bangladesh	55	59
Other frontier markets	6	14
Other		
HQ and eliminations	(25)	(56)
Total segments	**876**	**921**

Our consolidated Adjusted EBITDA decreased by 4.9% year-on-year, primarily due to lower operating revenues as discussed above. This lower trend in operating revenue was partially offset by the reduced service costs and other operating costs.

The following table provides the reconciliation of Profit / (loss) before tax to Total Adjusted EBITDA for the three-month period ended March 31:

In millions of U.S. dollars	**2021**	**2020**
Profit / (loss) before tax	**229**	**195**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA		
Depreciation	416	416
Amortization	72	92
Impairment loss / (reversal)	6	—
(Gain) / loss on disposal of non-current assets	4	6
Finance costs	166	207
Finance income	(2)	(9)
Other non-operating (gain) / loss	(5)	(15)
Net foreign exchange (gain) / loss	(10)	29
Total Adjusted EBITDA	**876**	**921**

RESULT OF REPORTABLE SEGMENTS

RUSSIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**920**	**1,020**	**-9.8 %**
Mobile service revenue	690	794	-13.1 %
- of which mobile data	225	247	-8.9 %
Fixed-line service revenue	131	138	-5.1 %
Sales of equipment, accessories and other	99	88	12.5 %
Operating Expenses	**560**	**593**	**-5.6 %**
Adjusted EBITDA	**361**	**427**	**-15.5 %**
Adjusted EBITDA margin	**39.2 %**	**41.9 %**	**-2.7pp**

RESULTS OF OPERATIONS IN RUB

In millions of RUB (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**68,403**	**67,457**	**1.4 %**
Mobile service revenue	51,301	52,518	-2.3 %
- of which mobile data	16,729	16,298	2.6 %
Fixed-line service revenue	9,741	9,112	6.9 %
Sales of equipment, accessories and other	7,361	5,828	26.3 %
Operating Expenses	**41,600**	**39,278**	**5.9 %**
Adjusted EBITDA	**26,830**	**28,180**	**-4.8 %**
Adjusted EBITDA margin	**39.2 %**	**41.8 %**	**-2.6pp**

SELECTED PERFORMANCE INDICATORS

Mobile	Three months ended March 31, 2021	2020	2021-2020 change %
Customers in millions	50.0	53.5	-6.5%
Mobile data customers in millions	33.5	34.4	-2.6%
ARPU in US$	4.6	4.9	-6.1%
ARPU in RUB	340.0	323.0	5.3%

TOTAL OPERATING REVENUE

Our total operating revenue in Russia decreased by 9.8% (USD terms) and increased by 1.4% (local currency terms) year-on-year. The local currency growth is owing to continued growth in fixed-line service revenue as well as improvement in devices sales, partially offset by reduced mobile service revenue stemming from lower roaming revenue as a result of travel restrictions. A deterioration of the local currency led to a decrease in revenue in USD terms despite an increase in local currency terms.

ADJUSTED EBITDA

Our Russia Adjusted EBITDA decreased by 15.5% (USD terms) and 4.8% (local currency terms) year-on-year. This is primarily due to lower revenues as well as increased structural operating expenses when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2021, we had 50.0 million mobile customers in Russia, representing a decrease of 6.5% year-on-year. The decrease was caused by higher customer churn rates spill over from 2020.

Our mobile ARPU in Russia decreased by 6.1% (USD terms) and increased by 5.3% (local currency terms) year-on-year. Local currency growth is mainly associated with increased mobile data revenue.

VEON

PAKISTAN

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**347**	**316**	**9.8 %**
Mobile service revenue	318	294	8.2 %
- of which mobile data	129	102	26.5 %
Sales of equipment, accessories and other	29	22	31.8 %
Operating expenses	**191**	**169**	**13.0 %**
Adjusted EBITDA	**156**	**147**	**6.1 %**
Adjusted EBITDA margin	**45.0 %**	**46.5 %**	**-1.5pp**

RESULTS OF OPERATIONS IN PKR

In millions of PKR (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**55,050**	**49,282**	**11.7 %**
Mobile service revenue	50,424	45,717	10.3 %
- of which mobile data	20,455	15,930	28.4 %
Sales of equipment, accessories and other	4,626	3,564	29.8 %
Operating expenses	**30,319**	**26,401**	**14.8 %**
Adjusted EBITDA	**24,731**	**22,881**	**8.1 %**
Adjusted EBITDA margin	**44.9 %**	**46.4 %**	**-1.5pp**

SELECTED PERFORMANCE INDICATORS

Mobile	Three months ended March 31, 2021	2020	2021-2020 change %
Customers in millions	69.2	62.0	11.6%
Mobile data customers in millions	47.3	40.4	17.1%
ARPU in US$	1.6	1.6	0.0%
ARPU in PKR	246.0	247.0	-0.4%

TOTAL OPERATING REVENUE

Our Pakistan total operating revenue increased by 9.8% (USD terms) and 11.7% (local currency terms) year-on-year. This was primarily due to higher mobile data and value added services revenue as a result of continuous 4G penetration, higher customer base and stronger uptake of digital services.

ADJUSTED EBITDA

Our Pakistan Adjusted EBITDA increased by 6.1% (USD terms) and 8.1% (local currency terms) year-on-year. This was primarily due to higher revenues as stated above, partially offset by increased structural operating expenses when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2021, we had 69.2 million customers in Pakistan, representing an increase of 11.6% year-on-year, with growth primarily in mobile data customers owing to continuous penetration in 4G network.

Our mobile ARPU in Pakistan remained at par with that of the same period last year.

UKRAINE

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**244**	**238**	**2.5 %**
Mobile service revenue	227	222	2.3 %
- of which mobile data	137	120	14.2 %
Fixed-line service revenue	16	15	6.7 %
Sales of equipment, accessories and other	1	1	0.0 %
Operating expenses	**78**	**76**	**2.6 %**
Adjusted EBITDA	**167**	**161**	**3.7 %**
Adjusted EBITDA margin	**68.4 %**	**67.6 %**	**0.8 pp**

RESULTS OF OPERATIONS IN UAH

In millions of UAH (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**6,842**	**5,950**	**15.0 %**
Mobile service revenue	6,357	5,530	15.0 %
- of which mobile data	3,837	3,004	27.7 %
Fixed-line service revenue	451	384	17.4 %
Sales of equipment, accessories and other	35	36	-2.8 %
Operating expenses	**2,184**	**1,910**	**14.3 %**
Adjusted EBITDA	**4,658**	**4,040**	**15.3 %**
Adjusted EBITDA margin	**68.1 %**	**67.9 %**	**0.2 pp**

SELECTED PERFORMANCE INDICATORS

Mobile	Three months ended March 31, 2021	2020	2021-2020 change %
Customers in millions	25.7	26.0	-1.2%
Mobile data customers in millions	17.2	17.0	1.2%
ARPU in US$	2.9	2.8	3.6%
ARPU in UAH	82.0	70.0	17.1%

TOTAL OPERATING REVENUE

Our Ukraine total operating revenue increased by 2.5% (USD terms) and 15.0% (local currency terms) year-on-year. This was primarily driven by strong growth in data consumption resulting in increased data revenue on the back of strong and continuous 4G adoption. Fixed line services revenue also increased as customers continue to draw on fixed line data at home.

ADJUSTED EBITDA

Our Ukraine Adjusted EBITDA increased by 3.7% (USD terms) and 15.3% (local currency terms) year-on-year. This was primarily due to the higher revenues as described above, partially offset by an increase in structural operating expenses when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2021, we had 25.7 million mobile customers in Ukraine, representing a decrease of 1.2% year-on-year. This was primarily due to the decline of second SIM cards in the market and lower gross additions during the second half of 2020 stemming from strict lockdown measures.

Our mobile ARPU in Ukraine increased by 3.6% (USD terms) and 17.1% (local currency terms) year-on-year, primarily due to an increase in data usage.

KAZAKHSTAN

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**127**	**118**	**7.6 %**
Mobile service revenue	102	98	4.1 %
- of which mobile data	58	48	20.8 %
Fixed-line service revenue	22	18	22.2 %
Sales of equipment, accessories and other	3	2	50.0 %
Operating expenses	**62**	**55**	**12.7 %**
Adjusted EBITDA	**66**	**63**	**4.8 %**
Adjusted EBITDA margin	**52.0 %**	**53.4 %**	**-1.4pp**

RESULTS OF OPERATIONS IN KZT

In millions of KZT (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**53,702**	**45,954**	**16.9 %**
Mobile service revenue	42,976	38,213	12.5 %
- of which mobile data	24,157	18,636	29.6 %
Fixed-line service revenue	9,191	7,116	29.2 %
Sales of equipment, accessories and other	1,535	624	146.0 %
Operating expenses	**26,024**	**21,327**	**22.0 %**
Adjusted EBITDA	**27,678**	**24,628**	**12.4 %**
Adjusted EBITDA margin	**51.5 %**	**53.6 %**	**-2.1pp**

SELECTED PERFORMANCE INDICATORS

Mobile	Three months ended March 31, 2021	2020	2021-2020 change %
Customers in millions	9.5	9.6	-1.0%
Mobile data customers in millions	7.2	6.7	7.5%
ARPU in US$	3.6	3.3	9.1%
ARPU in KZT	1,501.0	1,283.0	17.0%

TOTAL OPERATING REVENUE

Our Kazakhstan total operating revenue increased by 7.6% (USD terms) and 16.9% (local currency terms) year-on-year. Mobile service revenue benefited from an increased 4G user base on the back of further expansion in 4G network. Fixed line service revenue grew due to a higher customer base, as customers continue to draw on benefits from convergent product offers.

ADJUSTED EBITDA

Our Kazakhstan Adjusted EBITDA increased by 4.8% (USD terms) and 12.4% (local currency terms) year-on-year. This was primarily due to higher revenues as stated above and partially offset by the increased service, commercial and other operating costs, when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2021, we had 9.5 million mobile customers in Kazakhstan, representing a decrease of 1.0% year-on-year. The decrease was mainly due to the trend that was observed in 2020 relating to IMEI registration regime that also showed a spill over impact on customer base.

Our mobile ARPU in Kazakhstan increased by 9.1% (USD terms) and 17.0% (local currency terms) year-on-year, due to higher mobile services and data revenues during the period.

UZBEKISTAN

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**45**	**55**	**-18.2 %**
Mobile service revenue	45	55	-18.2 %
- of which mobile data	29	31	-6.5 %
Fixed-line service revenue	—	—	0.0 %
Sales of equipment, accessories and other	—	—	0.0 %
Operating expenses	**23**	**29**	**-20.7 %**
Adjusted EBITDA	**22**	**25**	**-12.0 %**
Adjusted EBITDA margin	**48.9 %**	**45.5 %**	**3.4pp**

RESULTS OF OPERATIONS IN UZS

In billions of UZS (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**473,616**	**521,512**	**-9.2 %**
Mobile service revenue	470,323	514,984	-8.7 %
- of which mobile data	301,470	298,093	1.1 %
Fixed-line service revenue	2,463	3,126	-21.2 %
Sales of equipment, accessories and other	830	3,403	-75.6 %
Operating expenses	**239,046**	**279,524**	**-14.5 %**
Adjusted EBITDA	**234,573**	**241,988**	**-3.1 %**
Adjusted EBITDA margin	**49.5 %**	**46.4 %**	**3.1pp**

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31, 2021	2020	2021-2020 change %
Mobile			
Customers in millions	6.8	7.7	-11.7%
Mobile data customers in million	5.0	5.0	0.0%
ARPU in US$	2.2	2.3	-4.3%
ARPU in UZS	22,850.0	21,573.0	5.9%

TOTAL OPERATING REVENUE

Our Uzbekistan total operating revenue decreased by 18.2% (USD terms) and 9.2% (local currency terms) year-on-year. The decrease was primarily due to a lower customer base as well as lower data revenues during the period.

ADJUSTED EBITDA

Our Uzbekistan Adjusted EBITDA decreased by 12.0% (USD terms) and 3.1% (local currency terms) year-on-year. This was primarily driven by lower revenues as stated above, which was partially offset by reduced service, commercial and other operating costs when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2021, we had 6.8 million mobile customers in Uzbekistan representing a decrease of 11.7% year-on-year. This was primarily due to higher churn rates as a result of a continuous strategic focus on high value customers.

Our mobile ARPU in Uzbekistan decreased by 4.3% (USD terms) and increased by 5.9% (local currency terms) year-on-year. The positive impact on ARPU in local currency is mainly associated with the focus on high value customers.

ALGERIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**160**	**185**	**-13.5 %**
Mobile service revenue	159	184	-13.6 %
- of which mobile data	64	68	-5.9 %
Sales of equipment, accessories and other	1	1	0.0 %
Operating expenses	**91**	**104**	**-12.5 %**
Adjusted EBITDA	**68**	**81**	**-16.0 %**
Adjusted EBITDA margin	**42.5 %**	**43.8 %**	**-1.3pp**

RESULTS OF OPERATIONS IN DZD

In millions of DZD (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**21,174**	**22,315**	**-5.1 %**
Mobile service revenue	21,102	22,192	-4.9 %
- of which mobile data	8,565	8,236	4.0 %
Sales of equipment, accessories and other	72	124	-41.9 %
Operating expenses	**12,157**	**12,581**	**-3.4 %**
Adjusted EBITDA	**9,039**	**9,734**	**-7.1 %**
Adjusted EBITDA margin	**42.7 %**	**43.6 %**	**-0.9pp**

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31, 2021	2020	2021-2020 change %
Mobile			
Customers in millions	14.1	14.2	-0.7%
Mobile data customers in millions	9.2	8.9	3.4%
ARPU in US$	3.7	4.2	-11.9%
ARPU in DZD	497.0	512.0	-2.9%

TOTAL OPERATING REVENUE

Our Algeria total operating revenue decreased by 13.5% (USD terms) and 5.1% (local currency terms) year-on-year. This was primarily due to aggressive price competition and overall economic slowdown during the period resulting in lower voice, interconnect and other services revenue. Roaming revenue also decreased owing to travel restrictions under lockdown measures. This decrease was partially offset by increased data revenue.

ADJUSTED EBITDA

Our Algeria Adjusted EBITDA decreased by 16.0% (USD terms) and 7.1% (local currency terms) year-on-year. This was primarily due to lower revenues as stated above partially offset by reduced structural operating costs during the period.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2021, we had 14.1 million mobile customers in Algeria, representing a decrease of 0.7% year-on-year. This was primarily due to lower gross additions as well as higher churn rates during the period.

Our mobile ARPU in Algeria decreased by 11.9% (USD terms) and 2.9% (local currency terms) year-on-year, primarily due to reduced mobile services revenues as explained above.

BANGLADESH

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**135**	**137**	**-1.5 %**
Mobile service revenue	132	134	-1.5 %
- of which mobile data	35	31	12.9 %
Sales of equipment, accessories and other	3	3	0.0 %
Operating expenses	**80**	**78**	**2.6 %**
Adjusted EBITDA	**55**	**59**	**-6.8 %**
Adjusted EBITDA margin	**40.7 %**	**43.1 %**	**-2.4pp**

RESULTS OF OPERATIONS IN BDT

In millions of BDT (except as indicated)	Three months ended March 31, 2021	2020	2021-2020 change %
Total operating revenue	**11,440**	**11,629**	**-1.6 %**
Mobile service revenue	11,218	11,413	-1.7 %
- of which mobile data	2,992	2,658	12.6 %
Sales of equipment, accessories and other	223	216	3.2 %
Operating expenses	**6,742**	**6,623**	**1.8 %**
Adjusted EBITDA	**4,698**	**5,006**	**-6.2 %**
Adjusted EBITDA margin	**41.1 %**	**43.0 %**	**-1.9pp**

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31, 2021	2020	2021-2020 change %
Mobile			
Customers in millions	34.3	33.6	2.1%
Mobile data customers in millions	20.6	19.6	5.1%
ARPU in US$	1.3	1.3	0.0%
ARPU in BDT	111.0	113.0	-1.8%

TOTAL OPERATING REVENUE

Our Bangladesh total operating revenue decreased 1.5% (USD terms) and by 1.6% (local currency terms) year-on-year. This was primarily associated with a heavy price competition, however this impact was neutralized by an increase in data revenues and usage shift to data services.

ADJUSTED EBITDA

Our Bangladesh Adjusted EBITDA decreased by 6.8% (USD terms) and 6.2% (local currency terms) year-on-year. This was mainly due to a slight decrease in service revenues as stated above along with an increased operating costs for the period when compared with the same period last year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2021, we had 34.3 million mobile customers in Bangladesh, representing an increase of 2.1% year-on-year, mainly due to a continuous focus on data penetration under the 4G roll out.

Our mobile ARPU in Bangladesh remained relatively stable in both USD and 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 March 31, 2021, we had negative working capital of USD 1,726 million, compared to negative working capital of USD 1,560 million as of December 31, 2020. The change of net working capital compared to December 31, 2020 was mainly due to a reduction in our current asset base as of March 31, 2021, particularly a decrease in cash and cash equivalents.

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

VEON

INTERIM CONSOLIDATED CASH FLOW SUMMARY

(In millions of U.S. dollars)	Three months ended March 31, 2021	2020
Net cash flows from operating activities	**596**	**626**
Net cash flows from / (used in) investing activities	**(580)**	**(495)**
Net cash flows from / (used in) financing activities	**(423)**	**124**
Net increase / (decrease) in cash and cash equivalents	(407)	255
Net foreign exchange difference	1	(70)
Cash and cash equivalents at beginning of period	1,586	1,204
Cash and cash equivalents at end of period, net of overdraft	**1,180**	**1,389**

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 three-month period ended March 31, 2021, net cash inflows from operating activities decreased to USD 596 million from USD 626 million during the three-month period ended March 31, 2020. The decrease is mainly due to negative foreign exchange impacts on EBITDA as well as lower interest expenses when compared with the same period last year.

INVESTING ACTIVITIES

During the three-month period ended March 31, 2021, net outflow for investing activities was USD 580 million compared to net cash outflow of USD 495 million for the same period last year. The year-on-year change is mainly associated with increased outflow on account of investment in high speed data networks and the acceleration of network deployment program. This was partially offset by the reduced net outflow from financial assets.

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 three-month period ended March 31, 2021, net cash outflow for financing activities was USD 423 million compared to net cash inflow of USD 124 million during the three-month period ended March 31, 2020. This was driven mainly by the acquisition of the non-controlling interest in our Pakistan operating company and net cash outflow from financing activities mainly due to repayment of borrowings, compared to net inflow in the same period last year. This was partially offset by the payment of dividends (USD 245 million) to shareholders during 2020, which was not repeated in the current year to date.

During the three-month period ended March 31, 2021, we raised USD 202 million net of fees (2020: USD 1,087 million) and repaid USD 352 million (2020: USD 717 million) under various debt facilities.

For information regarding changes to our debt portfolio during the three-month period ended March 31, 2021, see Note 7 to our unaudited interim condensed consolidated financial statements attached hereto.

BORROWINGS

As of March 31, 2021, the principal amounts of our external indebtedness represented by bank loans and bonds amounted to USD 7,588 million, compared to USD 7,678 million as of December 31, 2020. As of March 31, 2021, our debt includes overdrawn bank accounts related to a cash-pooling program of USD 13 million (December 31, 2020: USD 8 million).

As of March 31, 2021, VEON had the following principal amounts outstanding for interest-bearing loans and bonds as well as cash-pool overdrawn bank accounts:

Entity	Type of debt/ original lenders	Interest rate	Debt currency	Outstanding debt (mln)	Outstanding debt (USD mln)	Maturity date
VEON Holdings B.V.	Loan from Sberbank	CBR Key Rate + 2.2%	RUB	12,500	166	07.04.2021
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	7.2500%	USD	700	700	26.04.2023
VEON Holdings B.V.	Loan from Sberbank	CBR Key Rate + 2.2%	RUB	37,500	496	03.06.2023
VEON Holdings B.V.	Loan from Sberbank	7.3500%	RUB	30,000	396	03.06.2024
VEON Holdings B.V.	Notes	4.9500%	USD	533	533	17.06.2024
VEON Holdings B.V.	Loan from Alfa Bank	7.5000%	RUB	30,000	396	11.03.2025
VEON Holdings B.V.	Notes	4.0000%	USD	1,000	1,000	09.04.2025
VEON Holdings B.V.	Notes	6.3000%	RUB	20,000	264	18.06.2025
VEON Holdings B.V.	Loan from VTB	CBR Key Rate + 1.85%	RUB	30,000	396	09.07.2025
VEON Holdings B.V.	Notes	6.5000%	RUB	10,000	132	11.09.2025
VEON Holdings B.V.	Loan from Alfa Bank	CBR Key Rate + 2.1%	RUB	15,000	198	26.03.2026
VEON Holdings B.V.	Notes	3.3750%	USD	1,250	1,250	25.11.2027
TOTAL VEON Holdings B.V.					**6,873**	
PMCL	Loan from Habib Bank Limited	6M KIBOR + 0.35%	PKR	5,000	33	15.06.2022
PMCL	Syndicated Loan Facility	6M KIBOR + 0.35%	PKR	12,837	84	15.06.2022
PMCL	Syndicated Loan Facility	6M KIBOR	PKR	1,810	12	15.12.2023
PMCL	Syndicated Loan Facility	6M KIBOR	PKR	2,909	19	15.12.2023
PMCL	Syndicated Loan Facility	6M KIBOR + 0.55%	PKR	33,848	222	02.09.2026
PMCL	Loan from Habib Bank Limited	6M KIBOR + 0.55%	PKR	10,000	65	02.09.2026
PMCL	Other				11	
TOTAL Pakistan Mobile Communications Limited					**446**	
Banglalink	Syndicated Loan Facility	Average bank deposit rate + 4.25%	BDT	5,742	67	24.09.2022
Other					**8**	
TOTAL Banglalink Digital Communications Ltd.					**75**	
PJSC Kyivstar	Loan from Alfa Bank	NBU Key Rate + 3%	UAH	1,480	53	14.12.2023
PJSC Kyivstar	Loan from OTP Bank	10.1500%	UAH	1,000	36	22.12.2023
PJSC Kyivstar	Loan from Raiffeisen Bank	11.0000%	UAH	1,400	50	26.11.2025
PJSC Kyivstar	Other Loan				9	
Total PJSC Kyivstar					**148**	
Other entities	Cash pool overdrawn accounts* and Other				46	
Total VEON					**7,588**	

** As of March 31, 2021, some bank accounts forming part of a cash pooling program and being an integral part of VEON's cash management remained overdrawn by USD 13 million. Even though the total balance of the cash pool remained positive, VEON has no legally enforceable right to set-off and therefore the overdrawn accounts are presented as financial liabilities and form part of our debt.*

For additional information on our outstanding indebtedness, please refer to Note 7 of our unaudited interim condensed consolidated financial statements attached hereto.

FUTURE LIQUIDITY AND CAPITAL REQUIREMENTS

During the three-month period ended March 31, 2021, our capital expenditures excluding licenses and right-of-use assets (**"CAPEX exc. licenses and ROU"**) were USD 425 million compared to USD 368 million in the three-month period ended March 31, 2020. The increase was primarily due to investments in high speed network and acceleration in the network deployment program.

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

Management anticipates that the funds necessary to meet our current and expected capital requirements 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 in the capital markets.

As of March 31, 2021, we had an undrawn amount of USD 1,279 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:

	Three months ended March 31,	
(In millions of U.S. dollars)	**2021**	**2020**
Capital expenditures *	425	368
Adjusted for:		
Additions of licenses	6	34
Difference in timing between accrual and payment for capital expenditures	142	47
Purchase of property, plant and equipment and intangible assets	**573**	**449**

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

As of March 31, 2021, the largest currency exposure risks for our group were in relation to the Russian ruble, the Pakistani rupee, the Algerian dinar, the Bangladeshi taka, the Ukrainian hryvnia the Uzbek som and the Kazakhstani tenge, because the majority of our cash flows from operating activities in Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan and Kazakhstan 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 March 31, 2021, we held approximately 50% 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, Kazakhstani tenge or Uzbek som were to dramatically decline, it could negatively impact our ability to repay or refinance our U.S. dollar denominated indebtedness. Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk.

For more information on risks associated with currency exchange rates, see the section of our 2020 Annual Report entitled "Item 3—Key Information—D. Risk Factors—Market Risks—We are exposed to foreign currency exchange loss and currency fluctuation and translation risks."

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

As of March 31, 2021, the interest rate risk on the financing of our group was limited as 76% of our group's total debt was fixed rate debt.

Unaudited interim condensed
consolidated financial statements

VEON Ltd.

As of and for the three-month period
ended March 31, 2021

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the three-month period ended March 31

(In millions of U.S. dollars, except per share amounts)	Note	2021	2020
Service revenues		1,853	1,978
Sale of equipment and accessories		105	88
Other revenue		31	31
Total operating revenues	2	**1,989**	**2,097**
Other operating income		1	—
Service costs		(365)	(381)
Cost of equipment and accessories		(102)	(89)
Selling, general and administrative expenses		(647)	(706)
Depreciation		(416)	(416)
Amortization		(72)	(92)
Impairment (loss) / reversal		(6)	—
Gain / (loss) on disposal of non-current assets		(4)	(6)
Operating profit / (loss)		**378**	**407**
Finance costs		(166)	(207)
Finance income		2	9
Other non-operating gain / (loss)		5	15
Net foreign exchange gain / (loss)		10	(29)
Profit / (loss) before tax		**229**	**195**
Income tax expense	3	(91)	(75)
Profit / (loss) for the period		**138**	**120**
Attributable to:			
The owners of the parent		130	108
Non-controlling interest		8	12
		138	**120**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent		**$0.07**	**$0.06**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three-month period ended March 31

(In millions of U.S. dollars)	Note	2021	2020
Profit / (loss) for the period		**138**	**120**
Items that may be reclassified to profit or loss			
Foreign currency translation	4	(2)	(581)
Other		(3)	2
Items reclassified to profit or loss			
Other		1	(5)
Other comprehensive income / (loss), net of tax		**(4)**	**(584)**
Total comprehensive income / (loss), net of tax		**134**	**(464)**
Attributable to:			
The owners of the parent		135	(409)
Non-controlling interests		(1)	(55)
		134	**(464)**

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	March 31, 2021	December 31, 2020
Assets			
Non-current assets			
Property and equipment	5	6,914	6,879
Intangible assets	6	4,108	4,152
Investments and derivatives	7	319	305
Deferred tax assets		203	186
Other assets		193	179
Total non-current assets		**11,737**	**11,701**
Current assets			
Inventories		110	111
Trade and other receivables		621	572
Investments and derivatives	7	165	165
Current income tax assets		75	73
Other assets		405	335
Cash and cash equivalents	8	1,193	1,594
Total current assets		**2,569**	**2,850**
Total assets		**14,306**	**14,551**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		298	163
Non-controlling interests		849	850
Total equity		**1,147**	**1,013**
Non-current liabilities			
Debt and derivatives	7	8,564	8,832
Provisions		137	141
Deferred tax liabilities		134	127
Other liabilities		29	28
Total non-current liabilities		**8,864**	**9,128**
Current liabilities			
Trade and other payables		1,886	1,977
Debt and derivatives	7	1,123	1,224
Provisions		153	151
Current income tax payables		204	175
Other liabilities		929	883
Total current liabilities		**4,295**	**4,410**
Total equity and liabilities		**14,306**	**14,551**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-month period ended March 31, 2021

(In millions of U.S. dollars, except share amounts)	Note	Attributable to equity owners of the parent: Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2021		**1,749,127,404**	**2**	**12,753**	**(1,898)**	**(1,919)**	**(8,775)**	**163**	**850**	**1,013**
Profit / (loss) for the period		—	—	—	—	130	—	130	8	138
Other comprehensive income / (loss)		—	—	—	—	(2)	7	5	(9)	(4)
Total comprehensive income / (loss)		**—**	**—**	**—**	**—**	**128**	**7**	**135**	**(1)**	**134**
Dividends declared	10	—	—	—	—	—	—	—	—	—
Other		—	—	—	1	(1)	—	—	—	—
As of March 31, 2021		**1,749,127,404**	**2**	**12,753**	**(1,897)**	**(1,792)**	**(8,768)**	**298**	**849**	**1,147**

for the three-month period ended March 31, 2020

(In millions of U.S. dollars)	Note	Attributable to equity owners of the parent: Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of January 1, 2020		**1,749,127,404**	**2**	**12,753**	**(1,887)**	**(1,330)**	**(8,312)**	**1,226**	**994**	**2,220**
Profit / (loss) for the period		—	—	—	—	108	—	108	12	120
Other comprehensive income / (loss)		—	—	—	(4)	—	(513)	(517)	(67)	(584)
Total comprehensive income / (loss)		**—**	**—**	**—**	**(4)**	**108**	**(513)**	**(409)**	**(55)**	**(464)**
Dividends declared	10	—	—	—	—	(262)	—	(262)	—	(262)
Other		—	—	—	(2)	(10)	—	(12)	10	(2)
As of March 31, 2020		**1,749,127,404**	**2**	**12,753**	**(1,893)**	**(1,494)**	**(8,825)**	**543**	**949**	**1,492**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three-month period ended March 31

(In millions of U.S. dollars)	Note	2021	2020
Operating activities			
Profit / (loss) before tax		229	195
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		494	508
(Gain) / loss on disposal of non-current assets		4	6
Finance costs		166	207
Finance income		(2)	(9)
Other non-operating (gain) / loss		(5)	(15)
Net foreign exchange (gain) / loss		(10)	29
Changes in trade and other receivables and prepayments		(84)	(86)
Changes in inventories		(1)	23
Changes in trade and other payables		3	19
Changes in provisions, pensions and other		7	(30)
Interest paid		(133)	(158)
Interest received		2	9
Income tax paid		(74)	(72)
Net cash flows from operating activities		**596**	**626**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(573)	(449)
Receipts from / (payments on) deposits		2	(20)
Receipts from / (investment in) financial assets		(13)	(29)
Other proceeds from investing activities, net		4	3
Net cash flows from / (used in) investing activities		**(580)**	**(495)**
Financing activities			
Proceeds from borrowings, net of fees paid*	7	202	1,087
Repayment of debt	7	(352)	(717)
Acquisition of non-controlling interest	7	(273)	(1)
Dividends paid to owners of the parent		—	(245)
Net cash flows from / (used in) financing activities		**(423)**	**124**
Net (decrease) / increase in cash and cash equivalents		(407)	255
Net foreign exchange difference		1	(70)
Cash and cash equivalents at beginning of period, net of overdrafts		1,586	1,204
Cash and cash equivalents at end of period, net of overdrafts**	**8**	**1,180**	**1,389**

* *Fees paid for borrowings were US$16 (2020: US$8).*

** *Overdrawn amount was US$13 (2020: US$97).*

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

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

VEON Ltd. (**"VEON"**, the **"Company"** and together with its consolidated subsidiaries, the **"Group"** or **"we"**) was incorporated in Bermuda on June 5, 2009. The registered office of VEON is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. VEON's headquarters and the principal place of business 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 three-month period ended March 31, 2021

Financing activities

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

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

Other developments

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

In March 2021, VEON's operating company in Bangladesh acquired spectrum following successful bids at an auction held by the BTRC. Banglalink will invest approximately BDT 10 billion (US$115) to purchase the spectrum. Refer to Note 4 for further details.

Notes to the interim condensed consolidated financial statements

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

OPERATING ACTIVITIES OF THE GROUP

2 SEGMENT INFORMATION

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

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

Financial information by reportable segment for the three-month period ended March 31, is presented in the following tables. Inter-segment transactions between segments are not material, and are made on terms which are comparable to transactions with third parties.

	Service revenue				Sale of equipment and accessories		Other revenue		Total Revenue	
	Mobile		Fixed							
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Our cornerstone										
Russia	690	794	131	138	97	83	2	5	920	1,020
Our growth engines										
Pakistan	318	294	—	—	5	1	24	21	347	316
Ukraine	227	222	16	15	—	—	1	1	244	238
Kazakhstan	102	98	22	18	2	1	1	1	127	118
Uzbekistan	45	55	—	—	—	—	—	—	45	55
Our frontier markets										
Algeria	159	184	—	—	1	1	—	—	160	185
Bangladesh	132	134	—	—	—	—	3	3	135	137
Other frontier markets	18	30	—	6	—	2	—	—	18	38
Other										
HQ and eliminations	(7)	(10)	—	—	—	—	—	—	(7)	(10)
Total segments	**1,684**	**1,801**	**169**	**177**	**105**	**88**	**31**	**31**	**1,989**	**2,097**

Notes to the interim condensed consolidated financial statements

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

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2021	2020	2021	2020
Our cornerstone				
Russia	361	427	199	166
Our growth engines				
Pakistan	156	147	92	68
Ukraine	167	161	39	38
Kazakhstan	66	63	21	25
Uzbekistan	22	25	12	5
Our frontier markets				
Algeria	68	81	33	15
Bangladesh	55	59	26	44
Other frontier markets	6	14	3	7
Other				
HQ and eliminations	(25)	(56)	—	—
Total segments	**876**	**921**	**425**	**368**

The following table provides the reconciliation of Profit / (loss) before tax to Total Adjusted EBITDA for the three-month period ended March 31:

	2021	2020
Profit / (loss) before tax	**229**	**195**
Adjustments to reconcile Profit / (loss) before tax to Total Adjusted EBITDA		
Depreciation	416	416
Amortization	72	92
Impairment loss / (reversal)	6	—
(Gain) / loss on disposal of non-current assets	4	6
Finance costs	166	207
Finance income	(2)	(9)
Other non-operating (gain) / loss	(5)	(15)
Net foreign exchange (gain) / loss	(10)	29
Total Adjusted EBITDA	**876**	**921**

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 three-month period ended March 31:

	2021	2020
Current income taxes	91	55
Deferred income taxes	—	20
Income tax expense	**91**	**75**
Effective tax rate	39.7 %	38.5 %

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2021, 39.7% was primarily driven by tax uncertainties and deferred tax assets which have not been recognized.

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2020, 38.5% was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement, as well as withholding taxes accrued for dividends expected from our operating companies.

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT EVENTS & TRANSACTIONS

During the three-month period ended March 31, 2021

VEON subsidiary Banglalink successfully acquires 9.4MHz in spectrum auction

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

During the three-month period ended March 31, 2020

GTH restructuring

During the first quarter of 2020, VEON continued with the restructuring of Global Telecom Holding S.A.E. ("GTH"), with the intragroup transfer of Mobilink Bank completing in March 2020. There was no material impact on the consolidated financial statements stemming from this intergroup transfer as the operating assets of GTH operations have always been fully consolidated within balance sheet of VEON group.

Significant movements in exchange rates

An increase in demand for hard currencies, in part due to the coronavirus outbreak, resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, in the first quarter of 2020, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, decreased significantly, with a corresponding loss of US$581 recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

Notes to the interim condensed consolidated financial statements

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

5 PROPERTY AND EQUIPMENT

The following table summarizes the movement in the net book value of property and equipment for the three-month period ended March 31:

	2021	2020
Balance as of January 1	**6,879**	**7,340**
Additions	522	359
Disposals	(16)	(13)
Depreciation	(416)	(416)
Impairment	(6)	—
Currency translation	(49)	(1,074)
Other	—	10
Balance as of March 31	**6,914**	**6,206**

(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 three-month period ended March 31.

	2021	2020
Balance as of January 1	**4,152**	**5,688**
Additions	44	76
Amortization	(72)	(92)
Currency translation	(16)	(739)
Balance as of March 31	**4,108**	**4,933**

Goodwill

Included within total intangible asset movements for the three-month period ended March 31, 2021, as shown above, are the following movements in goodwill for the group, per cash generating unit (**"CGU"**):

CGU	March 31, 2021	Currency translation	December 31, 2020
Russia	1,103	(28)	1,131
Algeria	1,038	(15)	1,053
Pakistan	340	16	324
Kazakhstan	139	(1)	140
Uzbekistan	34	—	34
Total	**2,654**	**(28)**	**2,682**

Impairment analysis

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

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

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

Notes to the interim condensed consolidated financial statements

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

FINANCING ACTIVITIES OF THE GROUP

7 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	March 31, 2021	December 31, 2020
At fair value		
Derivatives not designated as hedges	—	20
Derivatives designated as net investment hedges	5	3
Investments in debt instruments	94	75
Other	8	8
	107	**106**
At amortized cost		
Security deposits and cash collateral	338	325
Other investments	39	39
	377	**364**
Total investments and derivatives	**484**	**470**
Non-current	319	305
Current	165	165

The Company holds the following debt and derivative liabilities:

	March 31, 2021	December 31, 2020
At fair value		
Derivatives not designated as hedges	33	52
Derivatives designated as net investment hedges	—	1
	33	**53**
At amortized cost		
Principal amount outstanding	7,588	7,678
Interest accrued	101	85
Discounts, unamortized fees, hedge basis adjustment	(17)	(5)
Bank loans and bonds	**7,672**	**7,758**
Lease liabilities	1,938	1,912
Put-option liability over non-controlling interest	—	273
Other financial liabilities	44	60
	9,654	**10,003**
Total debt and derivatives	**9,687**	**10,056**
Non-current	8,564	8,832
Current	1,123	1,224

Significant changes in financial assets and financial liabilities

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

Acquisition of minority stake in PMCL

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

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

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

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

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

VEON increases facility with Alfa-Bank

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

Subsequently, in April 2021, the proceeds from the new tranche were used to early repay RUB 15 billion of loans from Sberbank, originally maturing in June 2023.

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$7,758 at March 31, 2021 (December 31, 2020: US$8,031); and
- 'Lease liabilities', for which fair value has not been determined.

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

As of March 31, 2021 and December 31, 2020, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs. 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 three-month period ended March 31, 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

Notes to the interim condensed consolidated financial statements

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

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	March 31, 2021	December 31, 2020
Cash at banks and on hand	927	694
Short-term deposits with original maturity of less than three months	266	900
Cash and cash equivalents	**1,193**	**1,594**
Less overdrafts	(13)	(8)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	**1,180**	**1,586**

As of March 31, 2021 and December 31, 2020, there were no restricted cash and cash equivalent balances. Cash balances as of March 31, 2021 include investments in money market funds of US$161 (December 31, 2020: US$543).

As of March 31, 2021, some bank accounts forming part of a cash pooling program and being an integral part of the Company's cash management remained overdrawn by US$13 (December 31, 2020: US$8). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as financial liabilities within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company's cash management, they were included as cash and cash equivalents within the statement of cash flows.

Notes to the interim condensed consolidated financial statements

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

9 ISSUED CAPITAL

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

	March 31, 2021	December 31, 2020
Authorized common shares (nominal value of US$0.001 per share)	1,849,190,667	1,849,190,667
Issued shares, including 7,603,731 shares held by a subsidiary of the Company	1,756,731,135	1,756,731,135

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

10 DIVIDENDS PAID AND PROPOSED

There were no dividends declared by VEON Ltd in the three-month period ended March 31, 2021.

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

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

Notes to the interim condensed consolidated financial statements

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

ADDITIONAL INFORMATION

11 RELATED PARTIES

For the three-month period ended March 31, 2021, there were no material transactions, and there were no material balances recognized with related parties as of this date.

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed elsewhere in these interim condensed consolidated financial statements, there were no material changes to risks, commitments, contingencies and uncertainties that occurred during the three-month period ended March 31, 2021.

13 EVENTS AFTER THE REPORTING PERIOD

Leadership changes

In April 2021, VEON announced changes to its leadership structure. Co-CEO Sergi Herrero, who joined the company in September 2019, will step down as co-CEO effective June 30, 2021. Sergi is expected to continue advising the company, in particular with respect to the VEON Ventures businesses which focus on generating value in high growth areas. Kaan Terzioglu will continue in his role as CEO of VEON Ltd. with overall responsibility for corporate matters and the general operations of the group.

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three-month period ended March 31, 2021 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, 2020.

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

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, 2020.

A number of new and amended standards became effective as of January 1, 2021, 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.

Amsterdam, April 29, 2021

VEON Ltd.