ZERO ONE

Kyivstar 2Q26 Earnings:

Guidance Raised Again as Cash Conversion Improves and Digital Holds Above 21%

+19.3%	55.4%	+32.2%	14-16%
USD REVENUE YOY	GROUP EBITDA MARGIN	EQUITY FCF YOY	FY26 USD REVENUE GUIDE

TICKER	KYIV US
MARKET CAP	US$3.15bn
CURRENT PRICE	US$13.65
TARGET PRICE	US$20.30
RATING	Structural Long™

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SHARE PRICE - KYIV

Aug 2025 to Aug 2026 (US$).

KEY TAKEAWAYS

1. **Second guidance increase rests on a broader revenue base**

   Management raised FY26 USD revenue growth to 14-16% and EBITDA growth to 9-12%. Core telecom ARPU, Uklon, Tabletki, Kyivstar TV, and new solar assets all contributed.

2. **Digital held above 21% after Uklon entered the comparison base**

   Digital revenue grew 83.0% to US$73.7m and represented 21.7% of group revenue. Uklon grew 50.8% to US$32.8m on a full prior-year comparison.

3. **Lower capex converted operating growth into faster free-cash-flow growth**

   Quarterly capex fell 29.4% to US$59m, or 17.3% of revenue. Equity free cash flow after leases and licenses rose 32.2% to US$104m, faster than EBITDA growth of 13.7%.

4. **Core telecom margin offset customer decline and digital mix dilution**

   Telecom and infrastructure EBITDA margin reached 59.1% as mobile ARPU rose 11.2% and multiplay revenue increased 47.4%. The group margin recovered 1.9pp QoQ to 55.4%, even with digital at a lower 42.0% margin.

Company snapshot

Kyivstar Group Ltd. (Nasdaq: KYIV) operates Ukraine's leading mobile network and a growing portfolio of digital platforms. The group served 21.8m mobile customers and 1.3m fixed-broadband customers at 30 June 2026. Its digital portfolio includes Uklon mobility, Tabletki online pharmacy, Helsi digital health, Kyivstar TV, and enterprise cloud, data, AI, and cybersecurity services. VEON remains the controlling shareholder.

Results snapshot

EXHIBIT 1: KYIVSTAR 2Q26 RESULTS SNAPSHOT

METRIC	2Q26	YOY	COMMENT
Revenue	US$339m	+19.3%	1H26: US$662m, +22.8%
EBITDA	US$188m	+13.7%	55.4% margin
EBIT	US$127m	+13.6%	Higher D&A absorbed part of EBITDA growth
Net profit	US$77m	-5.7%	Includes US$21.2m non-cash warrant loss
Equity FCF after leases	US$104m	+32.2%	Operating cash flow: US$170m
Digital revenue	US$73.7m	+83.0%	21.7% of group revenue
Mobile customers	21.8m	-2.8%	Mobile ARPU: US$3.9, +11.2%
Multiplay customers	8.1m	+23.6%	39.9% of one-month-active mobile
Digital customers	29.3m	+3.0% QoQ	Active during the quarter
Capex intensity	17.3%	-11.9pp	FY26 guide unchanged at 21-24%

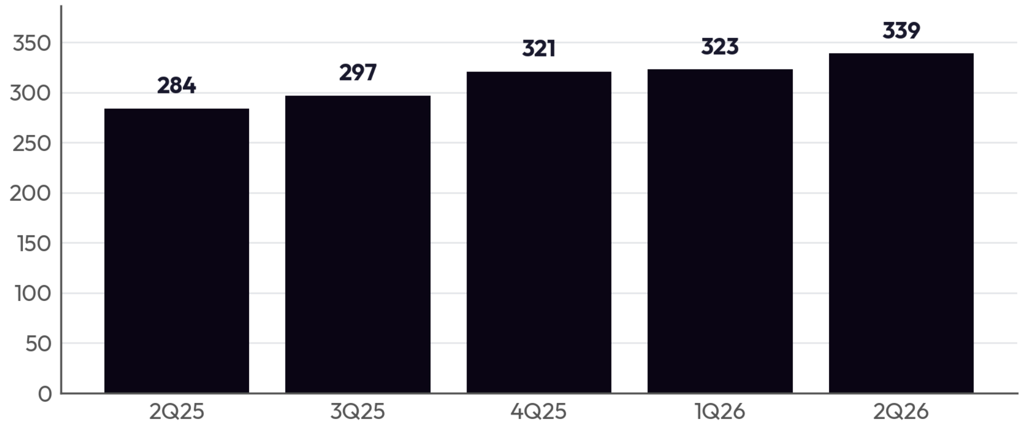
Source: Company disclosures, Zero One Investment Research

1. Revenue rose for a fourth quarter and cash conversion improved

Kyivstar reported 2Q26 revenue of US$339m, up 19.3% YoY and 5.0% QoQ. EBITDA rose 13.7% YoY to US$188m, while the margin recovered 1.9pp QoQ to 55.4%. Equity free cash flow after leases and licenses increased 32.2% to US$104m as quarterly capex fell 29.4% to US$59m.

Reported net profit fell 5.7% to US$77m and EPS fell 17.5% to US$0.33. A US$21.2m non-cash warrant fair-value loss explains most of the gap between operating growth and reported profit. Excluding that valuation charge, the quarter's operating and cash trends moved in the same direction.

EXHIBIT 2: KYIVSTAR QUARTERLY REVENUE (US$M)



Source: Company disclosures, Zero One Investment Research

Quarterly revenue increased to US$339m in 2Q26, up 19.3% YoY.

Source: Company disclosures, Zero One Investment Research

2. Digital grew about 55% once the acquisitions and the accounting change come out

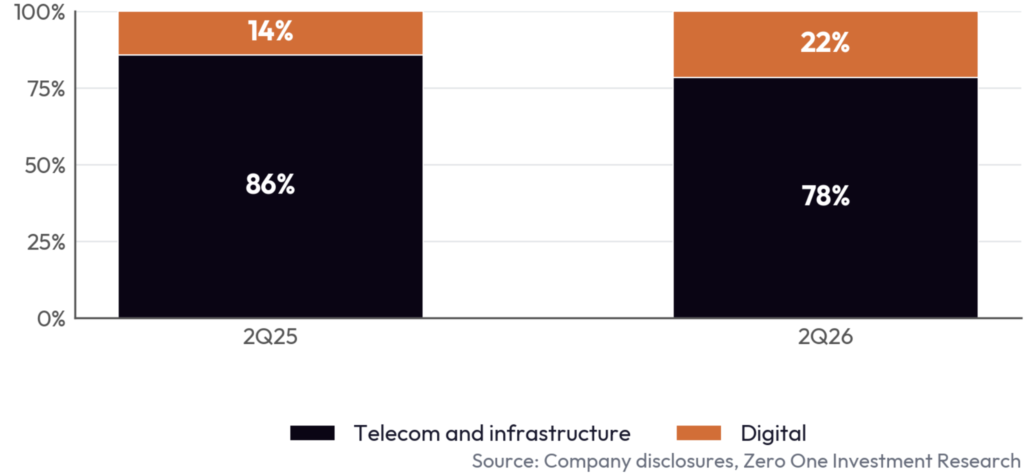
Telecom and infrastructure revenue increased 8.8% YoY to US$265m, almost entirely because price outran volume. An 11.2% ARPU gain to US$3.9 against a 2.8% smaller mobile customer base works out to 8.1% of revenue growth on its own. Data use rose 18.3% to 14.9GB per customer per month, and multiplay revenue grew 47.4% to US$139m, or 41.1% of group revenue.

Digital revenue grew 83.0% YoY to US$73.7m and reached 21.7% of group revenue, up 7.5pp. Two items in that number are not like-for-like. Tabletki contributed US$7.8m in its first full quarter and was absent from the 2Q25 base entirely, and Kyivstar TV moved to gross revenue recognition in September 2025.

A third sits inside Uklon. CEO Oleksandr Komarov split Uklon's 50.8% growth into roughly 35pp of underlying ride-hailing and delivery and about 15pp from an accounting change that grosses up B2B revenue under IFRS, which puts about US$3.4m of the segment's revenue in the second category. Removing Tabletki and the Uklon gross-up leaves digital growing about 55% on a comparable basis, against the 83.0% reported.

That is the number we would build a forecast on, and it is still the fastest-growing part of the group by a wide margin.

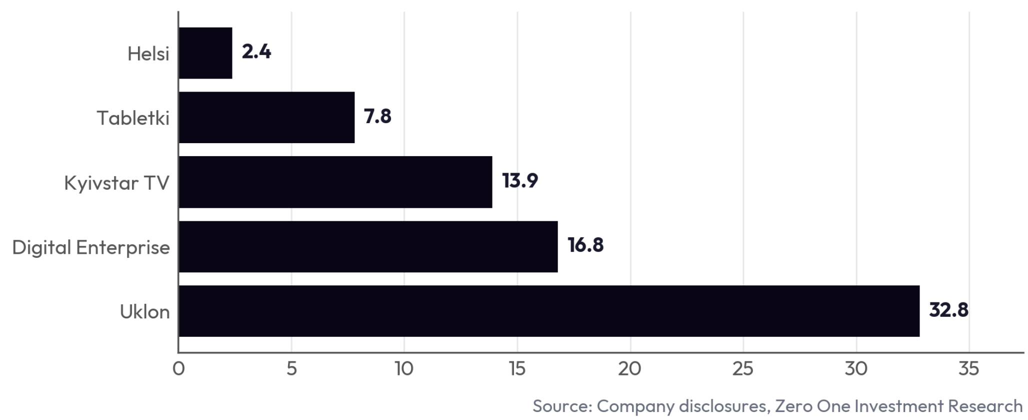
EXHIBIT 3: KYIVSTAR REVENUE MIX (% OF GROUP REVENUE)



Digital represented 21.7% of 2Q26 revenue, up from 14.2% in 2Q25.

Source: Company disclosures, Zero One Investment Research

EXHIBIT 4: DIGITAL PLATFORM REVENUE, 2Q26 (US$M)



Uklon remained the largest digital revenue line at US$32.8m in 2Q26.

Source: Company disclosures, Zero One Investment Research

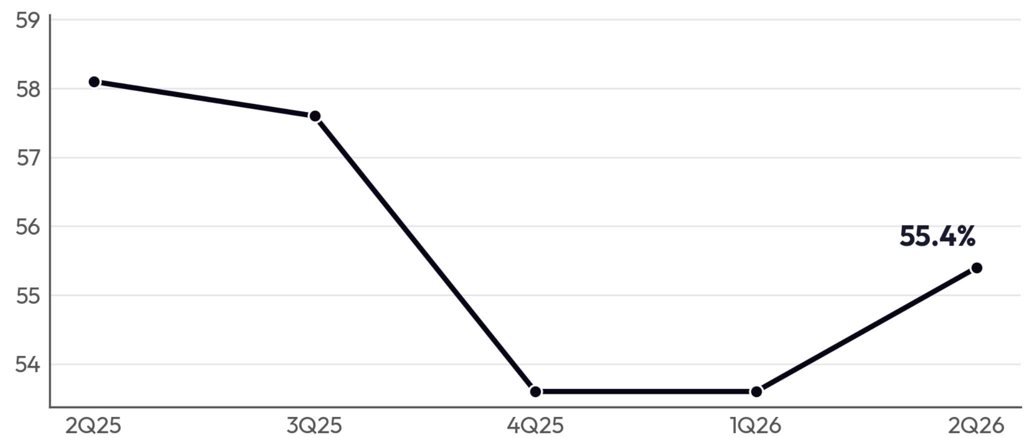
3. Group margin recovered sequentially, though mix and telecom costs took 2.7pp year on year

Telecom and infrastructure EBITDA increased 6.3% to US$157m and digital EBITDA rose 75.6% to US$31m. The group margin recovered to 55.4% from 53.5% in 1Q26. Measured against 2Q25 it fell 2.7pp, from 58.2%, because EBITDA grew more slowly than revenue in both segments.

That 2.7pp splits three ways. The shift in mix toward digital, which carries a 17.2pp lower margin than telecom, costs 1.3pp. Telecom margin itself fell 1.4pp to 59.2% and costs a further 1.1pp, so the 59.1% segment margin is a sequential high rather than a year-on-year gain. Digital margin slipped 1.8pp to 42.1% and accounts for the remaining 0.4pp. At the current gap, every additional point of digital share subtracts about 0.17pp from the group margin.

The composition of digital is what decides whether that drag persists. Tabletki generated US$6.2m of EBITDA on US$7.8m of revenue, a 79.5% margin, while Uklon generated US$12.5m on US$32.8m, a 38.1% margin. A digital portfolio weighted toward Tabletki could lift the group margin rather than dilute it, and a portfolio weighted toward mobility should keep diluting it. We would watch the split between those two platforms more closely than the headline digital growth rate.

EXHIBIT 5: KYIVSTAR QUARTERLY EBITDA MARGIN (%)



Source: Company disclosures, Zero One Investment Research

Group EBITDA margin recovered 1.9pp QoQ to 55.4% in 2Q26.

Source: Company disclosures, Zero One Investment Research

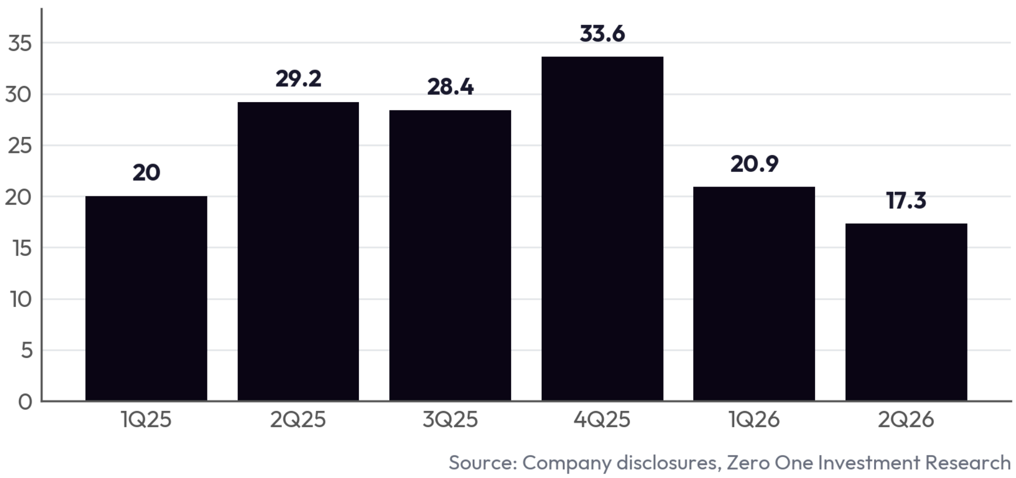
4. The free-cash-flow gain came from lower capex, and the guide says it reverses

Capex excluding licenses and right-of-use assets fell to US$59m, or 17.3% of revenue, down 29.4% YoY. The lower spend is most of why equity free cash flow after leases and licenses rose 32.2% to US$104m while EBITDA grew 13.7%. Cash conversion improved because less was being spent, not because more was being earned.

That gap should close. The FY26 capex-intensity guide is unchanged at 21% to 24%, which on our US$1,342m revenue forecast is US$282m to US$322m for the year. We carry US$290m, at the bottom of the range. Against a 2Q26 rate of 17.3%, the second half has to run well above the first, so the current pace of free cash flow growth should not be read forward.

Kyivstar acquired six solar plants during the quarter, taking group solar capacity to 118MW, with expected annual output equal to about 30% of the telecom operations' current electricity consumption. The assets contributed UAH96.4m of revenue in 2Q26. Because energy is the largest and fastest-growing item in operating expense, this is a cost hedge that happens to carry revenue, and it is the clearest structural answer the group has to wartime energy disruption.

EXHIBIT 6: QUARTERLY CAPEX INTENSITY (% OF REVENUE)



Quarterly capex intensity fell to 17.3% in 2Q26, below the 21-24% FY26 range.

Source: Company disclosures, Zero One Investment Research

5. Our FY26 forecast now sits at the top of the raised guidance range

EXHIBIT 7: 1H26 ACTUALS VS OUR FY26 FORECAST

METRIC	1H26 ACTUAL	FY26E FORECAST	IMPLIED 2H26	1H PACE
Revenue	US$662m	US$1,342m	US$680m	49.3%
EBITDA	US$361m	US$731m	US$370m	49.4%

Source: Company disclosures, Zero One Investment Research forecasts

First-half revenue represents 49.3% of our FY26 forecast and EBITDA 49.4%. The forecast therefore requires US$680m of second-half revenue and US$370m of EBITDA, which is 2.7% and 2.5% above the first half, at a 54.4% margin against 54.5% delivered. In half-on-half terms that is close to flat.

Two of the three reasons are mechanical and were named by management. Uklon sits in both periods for the whole of the second half, and Kyivstar TV's move to gross revenue recognition reaches its anniversary in September, so both stop adding to reported growth. The third is currency: guidance assumes an average of UAH44.5 to the dollar, which implies further depreciation from here. Those three together are why a first-half run rate of 22.8% YoY translates into a 16.0% full year.

We carry FY26 revenue growth of 16.0% and EBITDA growth of 12.9%, at the top of management's 14% to 16% range on revenue and just above the 9% to 12% range on EBITDA. Our EBITDA forecast holds the 54.5% margin delivered in the first half rather than assuming a step-down. We are comfortable there because the second-half comparison effects are volume effects rather than margin effects. A hryvnia weaker than UAH44.5 would take the USD figures below our numbers while leaving the UAH ranges intact, and that is the single most likely way this forecast proves too high.

6. Management raised revenue and EBITDA guidance for a second quarter

EXHIBIT 8: FY26 GUIDANCE REVISIONS

FY26 METRIC	PRIOR RANGE	CURRENT RANGE	CHANGE AT MIDPOINT
USD revenue growth	11-14%	14-16%	+2.5pp
UAH revenue growth	18-21%	21-23%	+2.5pp
USD EBITDA growth	7-10%	9-12%	+2.0pp
UAH EBITDA growth	14-17%	17-19%	+2.5pp
Capex intensity	21-24%	21-24%	Unchanged

Source: Company disclosures, Zero One Investment Research

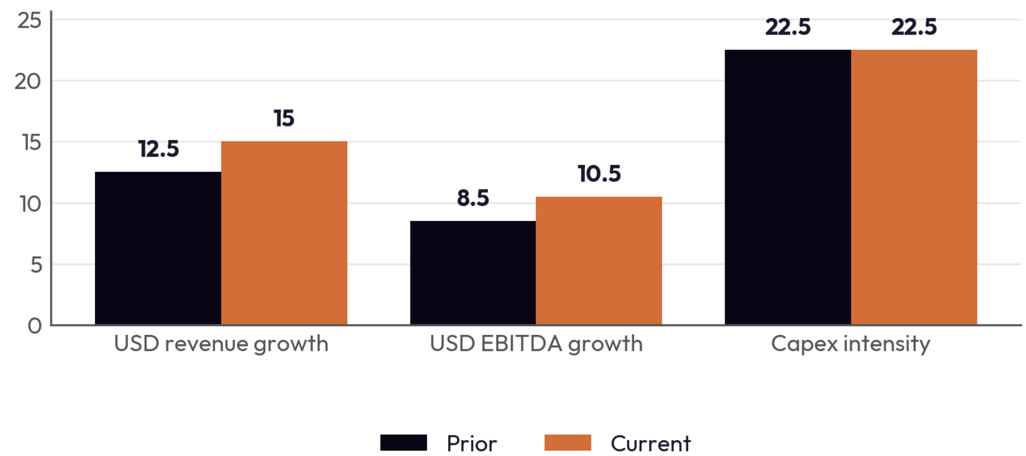
Management raised USD revenue growth to 14% to 16% and EBITDA growth to 9% to 12%, using an average of UAH44.5 per US dollar. The UAH ranges rose to 21% to 23% for revenue and 17% to 19% for EBITDA. Capex intensity remained 21% to 24%. This is the second consecutive quarterly increase in both growth ranges.

The gap between the two currency ranges is itself a forecast. Holding revenue growth of 21% to 23% in hryvnia while guiding 14% to 16% in dollars implies average depreciation of about 6% against the dollar across the year, which is most of the reason the USD guide looks conservative next to a first half that delivered 22.8%.

The increase is supported by a broader revenue base rather than one platform, because core telecom ARPU continued to rise, Uklon grew despite a full prior-year comparison, Tabletki added a full quarter, and the solar portfolio began contributing. A reversal in

ARPU growth or a weaker hryvnia than the UAH44.5 assumption would challenge the USD ranges.

EXHIBIT 9: FY26 GUIDANCE MIDPOINTS, PRIOR VS CURRENT (%)



Source: Company disclosures, Zero One Investment Research

Management increased the FY26 USD revenue and EBITDA guidance midpoints and maintained capex intensity.

Source: Company disclosures, Zero One Investment Research

7. Satellite connectivity, mobility, and energy assets broaden the platform

More than 6m Kyivstar customers have used Starlink Direct to Cell service, which expanded from messaging to light data for Google Maps, Viber, and WhatsApp where terrestrial coverage is unavailable. The 6m figure is a funnel measure rather than a revenue one, because the free messaging tier builds the base that the paid light-data tier then sells into. Kyivstar also added six solar plants, while Uklon launched in-app commerce, bus travel, and autonomous-vehicle testing.

Kyivstar signed a memorandum to explore an AI-ready data center in Ukraine and another to study local access to its Nasdaq shares. These are early-stage initiatives and are not included as separate revenue lines in our base case. The next scheduled investor event is the 16 November 2026 Capital Markets Day in New York.

8. Management began monetizing Starlink and put Uklon's organic growth near 35%

Uklon's underlying growth rate. On the 31 July earnings call, management split Uklon's 50% revenue growth into roughly 35pp from the underlying ride-hailing and delivery business and about 15pp from an accounting change that grosses up B2B revenue under IFRS. Bus ticketing and the in-app marketplace pilots remain marginal contributors. The underlying mobility growth rate is therefore nearer 35% than the reported 50.8%.

Komarov described three Starlink commercial layers. Direct-to-cell SMS is free for every customer, which management frames as part of its humanitarian mission during the war. Light Data is the first paid layer, either embedded in premium plans or sold as an add-on through the Superpowers bundle slots. Kyivstar is also the first official reseller of Starlink fixed-broadband service and hardware in Ukraine for businesses and public institutions. He sees little threat to fixed broadband, citing Ukraine's high fiber penetration and the price gap between fiber and satellite.

Healthcare platform growth ahead. Four months after closing, Tabletki work is focused on integration into the group, with joint Helsi-Tabletki products to follow and Uklon delivery a potential third element of the patient journey from appointment to prescription to medicine order. Komarov set the ambition of keeping the digital health vertical growing at 35-40% in US dollar terms as those products roll out gradually.

Marketplace and financial services as an ecosystem priority. Management's stated motives are cutting transaction costs on the gross merchandise value the group already handles and building toward credit products. Ride-hailing legislation taking effect in 2027 would let Kyivstar manage the full Uklon GMV, and management confirmed that holding customer balances in Uklon accounts is possible in principle over the next couple of years. Management called the Ukrainian financial market well developed and highly competitive, naming monobank and PrivatBank.

Energy cost mitigation strategies in process. Management called energy cost the largest and fastest-growing item in operating expense and said the expanded solar portfolio hedges at least 30% of the group's electricity demand. Two further steps are under consideration: battery storage to extend the hedge and, with investment in metering, a role as an energy trader. CFO Taner Kiziltoprak added that the solar assets carry a high EBITDA margin.

9. Cash increased QoQ despite the solar acquisition

EXHIBIT 10: BALANCE SHEET SNAPSHOT

METRIC	30 JUN 2026	31 MAR 2026	CHANGE
Cash and equivalents	US$364m	US$353m	+3.1%
Gross debt including leases	US$488m	US$487m	+0.3%
Net debt	US$123m	US$134m	-7.8%
Net liquidity excluding leases	US$277m	US$259m	+6.8%

Source: Company disclosures, Zero One Investment Research

Cash increased to US$364m from US$353m at 31 March 2026, while net debt fell to US$123m. Net liquidity excluding leases improved to US$277m. The group funded acquisitions and still increased cash because quarterly operating cash flow reached US$170m.

For 1H26, operating cash flow was US$331m and acquisition outflows were US$234m. Total equity rose to US$1.385bn from US$1.299bn at year-end. The balance sheet can fund the current capex plan, but additional acquisitions would reduce the liquidity buffer.

10. Valuation: in line with the peer median on FY26E EV/EBITDA, with faster growth

EXHIBIT 11: KYIVSTAR PEER COMPARABLES

COMPANY	MKT CAP (US$BN)	P/E (TTM)	P/E (FWD)	EV/EBITDA (TTM)	EV/EBITDA (FWD)	EV/SALES (FWD)
MTN Group	23.1	24.8	n.a.	5.6	5.0	1.9
Vodacom Group	18.8	15.7	n.a.	5.8	4.5	1.8
Airtel Africa	16.0	22.5	n.a.	5.8	5.7	2.6
Millicom (Tigo)	15.8	12.8	24.6	7.4	7.1	3.1
Turkcell	4.8	12.2	9.0	3.0	2.1	1.1
VEON	3.7	n.m.	6.9	2.6	2.5	1.1
XL Axiata	2.6	n.a.	n.a.	5.8	4.6	2.3
Telkom SA	1.7	7.8	n.a.	2.9	4.0	0.7
Peer median		14.3	9.0	5.7	4.6	1.9
Kyivstar	3.1	19.9	8.8	4.6	4.5	2.4

Source: Financial Modeling Prep consensus and company disclosures; Zero One Investment Research forecasts

Kyivstar trades at 4.5x FY26E EV/EBITDA and 8.8x FY26E EPS on our forecasts, in line with the emerging-markets telco peer medians of 4.6x and 9.0x. On FY26E EV/Sales the shares trade at 2.4x against a 1.9x median. The peer set matches the comparables in our VEON coverage, with VEON itself included.

The revenue premium is effectively a view that the digital margin converges toward the telecom margin as the platforms mature. We think that is the right way to read it, and the Tabletki margin of 79.5% shows the convergence is achievable within the existing portfolio rather than requiring a new business. We overall view increasing digital revenue mix as positive for an increase in the valuation multiple that Kyivstar shares can achieve in the market.

Our US$20.30 target price corresponds to 13.1x FY26E EPS and 6.6x FY26E EV/EBITDA on our forecasts, within the range of the peer table.

11. Subscriber decline and war exposure remain the key risks

Mobile customers declined 2.8% YoY to 21.8m, and ARPU growth of 11.2% has more than covered it. The threshold is low: because the base is shrinking at 2.8%, ARPU growth only has to stay above about 2.9% for mobile revenue to keep rising. The risk is therefore not the current decline but a slowdown in pricing power, and continued customer loss would also narrow the base available for digital cross-selling.

The war in Ukraine remains the largest external risk. Network damage, energy disruption, employee safety, currency weakness, and regulatory measures can affect service delivery and USD results. Kyivstar's generators, batteries, solar assets, and satellite connectivity reduce operating disruption but cannot remove the geopolitical exposure.

Financial forecasts

Consolidated income statement

EXHIBIT 12: CONSOLIDATED INCOME STATEMENT FORECAST

US$M	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	919	1,157	1,342	1,546	1,788
Revenue growth	0.4%	25.9%	16.0%	15.2%	15.6%
COGS	(100)	(123)	(144)	(165)	(191)
D&A	(166)	(205)	(229)	(246)	(268)
Gross profit	653	829	969	1,135	1,328
Gross margin	71.1%	71.7%	72.2%	73.4%	74.3%
SG&A	(305)	(393)	(467)	(538)	(622)
EBITDA	515	648	731	842	974
EBITDA margin	56.0%	56.0%	54.5%	54.5%	54.5%
EBIT	348	436	502	597	706
Net finance costs	(42)	(63)	(59)	(30)	(26)
FX and other, net	41	(13)	0	0	0
PBT	347	360	443	567	680
Income tax	(64)	(74)	(86)	(111)	(133)
Attributable NPAT	283	124	357	456	548
EPS (US$)	n.d.	0.57	1.54	1.98	2.37

Source: Zero One Investment Research Financial Model, Bloomberg

Consolidated balance sheet

EXHIBIT 13: CONSOLIDATED BALANCE SHEET FORECAST

US$M, PERIOD-END	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and equivalents	674	455	583	936	1,424
Accounts receivable	40	37	43	49	57
Inventory	3	3	2	2	3
Current assets	1,208	692	830	1,221	1,753
PP&E	624	849	910	994	1,066
Intangibles and goodwill	297	363	363	363	363
Total assets	2,209	2,122	2,321	2,796	3,399
Accounts payable	132	141	164	189	218
Short-term debt	669	229	29	0	0
Long-term debt	225	287	287	287	287
Total liabilities	1,129	823	665	683	739
Total equity	1,080	1,299	1,656	2,112	2,660

Source: Zero One Investment Research Financial Model, Bloomberg

Consolidated cash flow statement

EXHIBIT 14: CONSOLIDATED CASH FLOW STATEMENT FORECAST

US$M	FY24A	FY25A	FY26E	FY27E	FY28E
Attributable NPAT	283	124	357	456	548
D&A add-back	168	205	229	246	268
Working capital and other	(21)	229	32	10	12
Cash flow from operations	430	558	618	712	828
Capex	(162)	(247)	(290)	(330)	(340)
Acquisitions	(101)	97	0	0	0
Cash flow from investing	(132)	(150)	(290)	(330)	(340)
Cash flow from financing	(37)	(626)	(200)	(29)	0
Ending cash	674	455	583	936	1,424

Source: Zero One Investment Research Financial Model, Bloomberg

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