RESEARCH UPDATE · 02 AUGUST 2026

TELECOM | DIGITAL SERVICES

VEON 2Q26 Results:

Digital Reaches 27% as Revenue and EBITDA Guidance Rise

+17.0% REVENUE GROWTH	**26.9%** DIGITAL SHARE	**43.4%** EBITDA MARGIN	**1.10x** NET LEVERAGE EX LEASES

TICKER	**VEON US**
MARKET CAP	**US$3.6bn**
CURRENT PRICE	**US$52.00**
TARGET PRICE	**US$82.00**
RATING	**Structural Long™**

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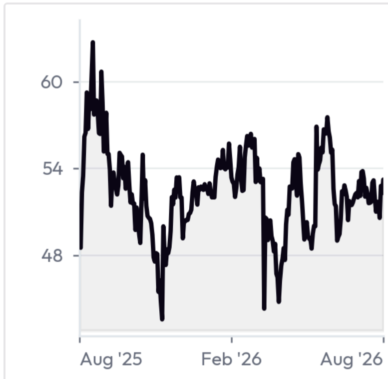
SHARE PRICE - VEON



Aug 2025 to Aug 2026 (US$).

KEY TAKEAWAYS

1. **Digital revenue reached 26.9% of group revenue**

   Digital revenue rose 53.6% to US$342m, extending the mix shift from 20.5% a year earlier. Financial Services remained the largest digital vertical, while Digital Life grew fastest as entertainment, ride-hailing, and healthcare scaled.

2. **Management raised both revenue and EBITDA guidance**

   FY26 revenue growth guidance increased to 15-18% from 11-14%, while EBITDA growth guidance rose to 9-12% from 7-10%. Capex intensity ex Ukraine remained at 15-17%.

3. **Pakistan led, while Kazakhstan remained the principal margin pressure point**

   Pakistan revenue and EBITDA rose 26.6% and 31.9%. Kazakhstan revenue rose 12.2%, but EBITDA fell 10.9% as the VAT increase and cost inflation compressed margin by 10.2pp.

4. **Cash generation and leverage preserved capital allocation flexibility**

   Operating cash flow reached US$463m in 2Q26 and US$860m in 1H26. Net debt ex leases was US$1.82bn and leverage remained low at 1.10x of LTM EBITDAaL after the US$1.4bn refinancing.

Company snapshot

VEON is an emerging-markets digital operator with telecom and digital businesses across Pakistan, Ukraine, Kazakhstan, Bangladesh, and Uzbekistan. Its digital portfolio spans financial services, entertainment, ride-hailing, healthcare, enterprise products, and premium digital brands. The operating model uses telecom distribution and customer relationships to scale digital services within each market.

Results snapshot

EXHIBIT 1: VEON 2Q26 RESULTS SNAPSHOT

METRIC	2Q26	YOY	1H26
Revenue	US$1,271m	+17.0%	US$2,472m
Telecom and infrastructure revenue	US$929m	+7.6%	US$1,827m
Digital revenue	US$342m	+53.6%	US$644m
Digital share of revenue	26.9%	+6.4pp	26.1%
EBITDA	US$552m	+6.2%	US$1,069m
EBITDA margin	43.4%	-4.4pp	43.2%
Attributable net profit	US$122m	-79.4%	US$221m
Diluted EPS per ADS	US$1.69	-79.6%	US$3.08
Operating cash flow	US$463m	+237.9%	US$860m
Equity FCF after lease and license	US$74m	-1.4%	US$320m
Capex	US$198m	-14.3%	US$336m
Net debt ex leases / EBITDAaL	1.10x	n.m.	1.10x

Source: Company disclosures; Zero One Investment Research

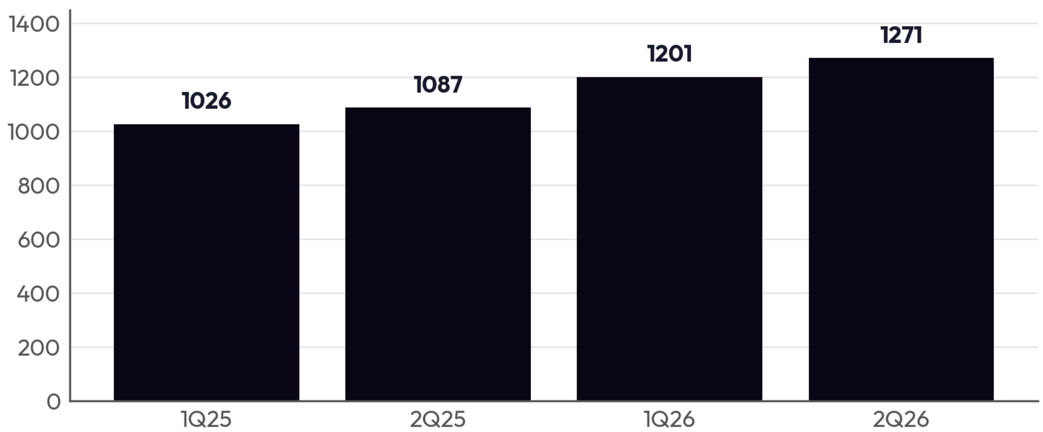
1. Revenue held 17% growth, and the margin decline is almost entirely a prior-year provision

Group revenue increased 17.0% YoY to US$1,271m, matching the 17.0% YoY growth rate delivered in 1Q26. Telecom and infrastructure revenue rose 7.6% to US$929m, while digital revenue increased 53.6% to US$342m. The pace held because VEON adjusts prices in line with nominal GDP in each market, and management now expects weighted-average inflation across those markets of about 9.5% against 8% previously.

EBITDA rose 6.2% to US$552m and margin was 43.4%, against 47.8% a year earlier and 43.0% in 1Q26. Almost all of the 4.4pp YoY decline is based on the prior-year base benefiting from a US$45m provision release in Bangladesh, which was worth 4.1pp of group margin on its own. Adjusting the 2Q25 base for it, group margin was 43.7% a year ago against 43.4% now, a minor decline of 0.3pp.

That 0.3pp splits three ways. The shift in mix toward digital, which carries a lower margin than telecom, costs 0.8pp. Digital's own margin expansion adds back 0.7pp. Telecom margin, with the same provision adjustment, was close to flat at 46.1% against 46.3%. The group margin decline is a function of mix arithmetic rather than of cost control, and it should continue for as long as digital grows faster than telecom at a lower margin. However it's important to note that VEON's digital business carries a much lower need for capex, at about 7% of revenue vs. ~20% for telecom. Thus, digital's lower headline margin doesn't mean lower cash generation.

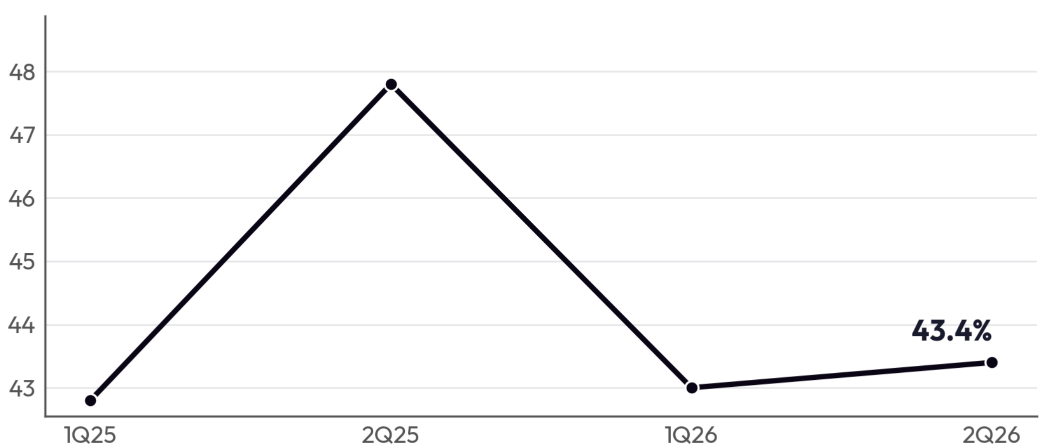
EXHIBIT 2: VEON QUARTERLY REVENUE (US$M)



Source: Company disclosures, Zero One Investment Research

Quarterly revenue held a 17% year-on-year growth rate through both quarters of 1H26.

EXHIBIT 3: VEON QUARTERLY EBITDA MARGIN (%)



Source: Company disclosures, Zero One Investment Research

EBITDA margin was stable sequentially at 43.4%; the 2Q25 comparison includes a Bangladesh provision release.

2. Digital expanded to 26.9% of group revenue

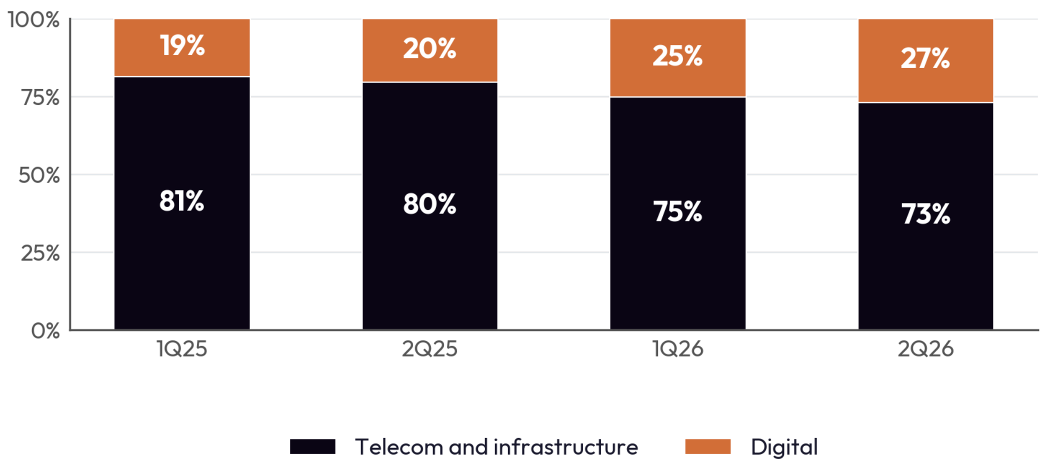
Digital revenue reached US$342m and represented 26.9% of group revenue, up 6.4pp year-on-year. Financial Services revenue rose 48.5% to US$151m. Digital Life revenue increased 90.5% to US$119m, including US$45m from entertainment, US$33m from ride-hailing, and US$10m from healthcare. Digital Enterprise revenue rose 25.5% to US$72m.

Digital EBITDA increased faster than revenue, rising 66.2% to US$124m, and digital margin expanded to 36.1% from 33.5%. Telecom margin in the same quarter was 46.1%, so each additional point of digital share subtracts about 0.1pp from group margin at the current gap. Active digital customers totaled 227.7m, including 58.8m financial-services customers and 93.2m entertainment customers.

The distance between those two margins is what decides where group profitability settles, because the mix is shifting toward the lower of the two at roughly 6pp a year. Digital margin has risen 2.6pp in a year while telecom margin has been flat, and management has said the original digital plan assumed 20% to 25%. On that trajectory the drag from mix should fade rather than deepen, and group margin could turn back up once digital clears the low 40s.

Long-term, we believe digital will deliver higher cash flow generation and an upward valuation re-rating for the company, hence a higher digital revenue mix is positive for the shares in our view.

EXHIBIT 4: VEON GROUP REVENUE MIX (% OF GROUP REVENUE)



Source: Company disclosures, Zero One Investment Research

Digital revenue mix expanded to 26.9% from 20.5% in 2Q25.

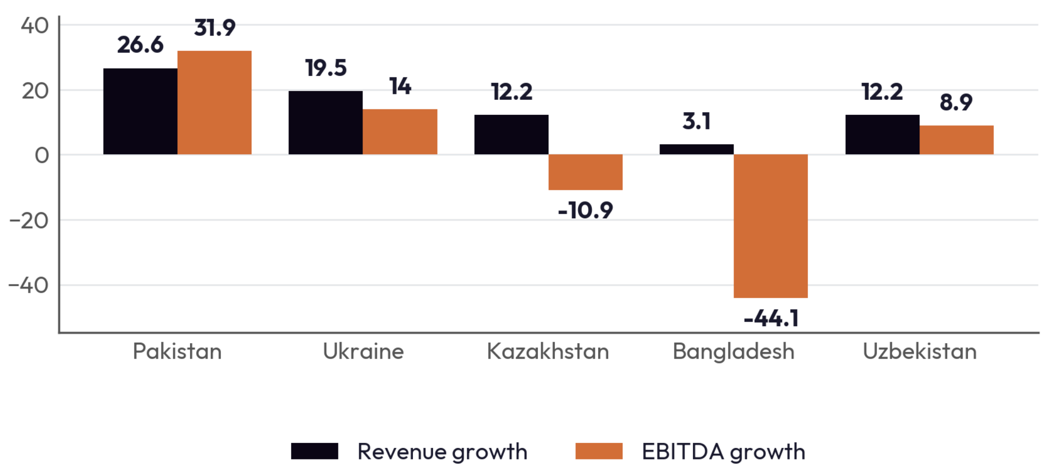
3. Pakistan was the growth anchor; Kazakhstan was the margin exception

Pakistan revenue rose 26.6% to US$500m and EBITDA increased 31.9% to US$216m, lifting margin 1.9pp to 43.3%. The margin gain is operating leverage rather than mix: revenue grew 26.6% against segment cost growth of 22.8%. Pakistan digital revenue reached US$193m and represented 38.7% of segment revenue. Ukraine revenue increased 19.5% to US$341m and EBITDA rose 14.0% to US$189m.

Kazakhstan revenue increased 12.2% to US$226m, but EBITDA fell 10.9% to US$89m and margin contracted to 39.4% from 49.6%. Management attributed the pressure to the VAT increase from 12% to 16% and to broader cost inflation. On our arithmetic the VAT step accounts for about 2pp of the 10.2pp contraction, taking gross prices as held so that the reported revenue line absorbs the difference. The larger part sits in the family packages management described, which recognize low-margin equipment revenue upfront while the service revenue is recognized across the contract term, and in local cost inflation.

Bangladesh EBITDA fell 44.1% against a prior-year quarter that included the US$45m provision release. Uzbekistan revenue and EBITDA rose 12.2% and 8.9%. Kazakhstan is about 18% of group revenue, so a 10.2pp segment contraction costs the group roughly 1.8pp of margin. Management has called the erosion temporary. We would treat the equipment-recognition component as genuinely timing, because it unwinds as service revenue is recognized over the contract term, and the VAT component as permanent until prices move, which makes the pace of Kazakhstan pricing decisions the item to watch through the second half.

EXHIBIT 5: VEON 2Q26 GROWTH BY MARKET (YOY % IN USD)



Source: Company disclosures, Zero One Investment Research

Pakistan delivered the strongest combination of revenue and EBITDA growth; Kazakhstan remained the principal underlying margin drag.

4. Digital Life broadened beyond financial services

Financial Services remained the largest digital vertical at US$151m of revenue. The second engine was Digital Life, where entertainment revenue rose 95.6%, ride-hailing increased 50.8%, healthcare rose 476.9%, and premium digital brands increased 90.0%. Uklon reported 5.2m active customers, 43m rides, and US$33m of revenue. Tabletki generated US$8m of revenue and US$376m of gross merchandise value.

The composition matters because it reduces reliance on a single digital category. Financial services provide scale and transaction frequency, while entertainment, healthcare, and ride-hailing increase engagement and create additional monetization paths across the telecom customer base.

5. Reported profit declined against the Kyivstar tower gain

Reported profit was US$140m, down from US$608m in 2Q25. The prior-year base included a US$489m gain on the sale of Pakistan towers and the US$45m Bangladesh provision release. The current quarter also included a US$21.2m fair-value loss on Kyivstar warrants. Attributable profit was US$122m and diluted EPS per ADS was US$1.69.

Operating profit was US$349m compared with US$820m in the prior-year period. The headline decline therefore reflects the absence of the tower gain rather than a reversal in revenue momentum. First-half attributable profit was US$221m and diluted EPS was US$3.08.

6. Cash flow and refinancing support capital returns

Operating cash flow increased to US$463m in 2Q26 and US$860m in 1H26. Capex was US$198m in the quarter, down 14.3%, so the quarter converted US$265m after capital spending. Equity free cash flow after lease and license payments was US$74m, which means those obligations and the other items below the capex line absorbed US$191m. LTM capex intensity was 18.9% for the group and 15.0% excluding Ukraine.

Cash and deposits totaled US$2,193m, including US$968m at headquarters. Net debt ex leases was US$1,819m and leverage was 1.10x of LTM EBITDAaL. The gap between that ratio and the cash conversion above is the lease base itself, which is why leverage reads lower on an ex-leases measure than the equity free cash flow would suggest. VEON completed a US$1.4bn bond offering that refinanced most of the 2027 maturity, and had deployed US$82.5m under its current US$100m repurchase program.

7. Outlook: the second guidance raise takes our FY26 revenue forecast to 17% growth

EXHIBIT 6: FY26 GUIDANCE PROGRESSION

METRIC	INITIAL FY26 GUIDE	1Q26 UPDATE	2Q26 UPDATE
Revenue growth	9-12%	11-14%	15-18%
EBITDA growth	7-10%	7-10%	9-12%
Capex intensity ex Ukraine	14-16%	15-17%	15-17%

Source: Company disclosures; Zero One Investment Research

Management raised FY26 revenue growth guidance to 15% to 18%, implying approximately US$5.06bn to US$5.19bn against FY25 revenue of US$4.40bn. Our forecast carries US$5.15bn, or 17.1% growth, in the upper half of the new range.

Against the US$2,472m delivered in the first half, that full-year figure implies second-half revenue of US$2,678m, which is 17.1% growth on the second half of 2025. The forecast asks the group to hold the first half's pace rather than to accelerate, and it does not build in the deceleration that harder digital comparatives in Pakistan and Ukraine would ordinarily produce. We hold it because both inputs to the revenue line moved in VEON's favor during the quarter. Management now assumes weighted-average inflation of about 9.5% against 8% previously and adjusts prices in line with nominal GDP, while currency devaluation is running about 3pp below plan.

EBITDA growth guidance increased to 9% to 12%, or US$2.19bn to US$2.25bn. Our forecast carries US$2.23bn, equivalent to 11.2% growth. Set against the US$1,069m delivered in the first half, that implies US$1,166m in the second half at a 43.5% margin, 0.3pp above the 43.2% recorded in the first half. That is a modest step rather than a recovery assumption, and the clearest route to missing it is Kazakhstan, where pricing has not yet moved. Capex intensity guidance excluding Ukraine remains 15% to 17%, so the raise is being funded without a step up in capital intensity.

8. Management called the guidance raise organic and digital margins ahead of plan

Higher guidance based on higher organic growth. On the 31 July earnings call, Group CFO Burak Ozer said "the currency assumptions in Q1 versus Q2 did not change" and that the guidance increase was "mainly organic from a growth perspective." CEO Kaan Terzioglu added that VEON now expects weighted-average inflation across its markets of about 9.5%, up from 8%, with currency devaluation running about 3pp less than expected. Management adjusts prices in line with nominal GDP growth in each market, so higher expected inflation supports the revenue outlook.

Why digital is the stronger cash flow business. Terzioglu said the group's original digital business plan assumed "a margin of 20% to 25%. We are at 36%." Digital capex runs at about 7% of digital revenue, a ratio Ozer said will not rise as revenue grows and Terzioglu expects to decline. Management's comparison: digital generates about 29% of revenue in cash after capex, against about 25% for the telecom foundation at a 45% margin and 20% capex intensity.

Impact of Kazakhstan on margin. Management gave two Kazakhstan-specific reasons for the segment's margin contraction. The VAT increase from 12% to 16% was not passed through into pricing, and family packages that bundle smartphones recognize lower-margin equipment revenue upfront while higher-margin service revenue is recognized over the contract term. Terzioglu said "I see Kazakhstan as a temporary issue in terms of margin erosion." Pricing adjustments and the pace of margin recovery in 2H26 are the items to watch.

Bangladesh financial services launching 3Q26. Terzioglu said he expects the Bangladesh financial services launch in 3Q26, beginning with payment services and expanding later into a full financial ecosystem. In Ukraine, management is still waiting on the regulatory environment. He also sized Pakistan: JazzCash has 27m monthly active users, issues 225,000 nano loans a day, and transacts close to 16% of Pakistan's GDP across 1.6m merchants. Pakistan financial services revenue should exceed US$0.5bn this year, and he noted comparable financial services businesses are being listed at 7-7.5x revenue.

VEON pioneering Starlink integration in Ukraine, planning additional countries. Terzioglu highlighted that more than 6m people in Ukraine have used Starlink via Kyivstar service to connect smartphones directly to satellites for messaging and light data. Ozer noted the group's "contractual terms do give us benefits as we add on more countries with Starlink," with commercial details undisclosed. Kazakhstan and Bangladesh are next; Pakistan and Uzbekistan depend on government approval. Terzioglu also said satellite capacity costs are reasonable next to terrestrial coverage in low-density geographies such as Kazakhstan.

9. Valuation: VEON trades at about half the peer median on FY26E EV/EBITDA

EXHIBIT 7: VEON 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
Kyivstar	3.1	19.9	9.6	6.0	3.7	2.5
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		15.7	9.6	5.8	4.6	2.1
VEON	3.7	n.m.	8.0	2.6	2.5	1.1

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

VEON trades at 2.5x FY26E EV/EBITDA and 8.0x FY26E EPS on our forecasts, against peer medians of 4.6x and 9.6x. The discount holds on trailing numbers as well, at 2.6x EV/EBITDA against a 5.8x median. The peer set is drawn from the comparables table in our VEON model and spans African, Turkish, Latin American, Indonesian, and Ukrainian operators.

Our US$82 target price corresponds to 12.6x FY26E EPS and 3.4x FY26E EV/EBITDA on our forecasts. Both multiples sit within the range of the peer table above.

10. Portfolio and capital allocation developments

VEON continued to add services around the telecom base. Jazz completed the acquisition of a 76.33% stake in TPL Insurance for US$16.4m, supporting an expansion of Pakistan financial services. The group also announced a Mastercard partnership, advanced Starlink-related distribution initiatives, and continued investment in solar power assets. Each of these attaches a product to an existing customer relationship rather than buying new customers, which is why the digital mix has risen without a corresponding step up in capital intensity.

The permanent capital-return framework calls for at least US$100m of annual repurchases and cancellation of acquired shares. VEON had repurchased 1.59m ADSs for US$82.5m under the current program and held approximately 7% of outstanding ADSs at 30 June 2026. Because the framework cancels what it acquires, repurchases reduce the share count rather than parking stock in treasury, so the US$100m floor works out to roughly 2.7% of the current market capitalization a year.

11. Key risks

Kazakhstan margin recovery remains the clearest operational risk. Revenue growth has held, but the VAT increase and cost inflation drove a 10.2pp year-on-year margin contraction, and at about 18% of group revenue the segment costs the group roughly 1.8pp of margin at that rate. A slower pricing response would keep it below its historical margin profile.

Geopolitical and currency exposure remains material across the portfolio. Ukraine operating continuity, South Asia energy costs, local-currency volatility, and refinancing-market conditions can affect reported growth and cash conversion. The digital acquisition program also introduces integration and execution risk as the portfolio broadens.

Our FY26 revenue forecast requires the second half to hold the first half's 17% growth, and our EBITDA forecast requires a 43.5% second-half margin against the 43.2% delivered. Neither assumes a recovery, and neither leaves much room. A sharper local-currency move, or a Kazakhstan pricing response that slips into 2027, could take both below our numbers.

Financial forecasts

The following tables are extracted from our Zero One Financial Model.

EXHIBIT 8: CONSOLIDATED INCOME STATEMENT FORECAST

US$M	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	4,004	4,399	5,150	5,675	6,244
Revenue growth	8.3%	9.9%	17.1%	10.2%	10.0%
Cost of goods sold	(515)	(526)	(618)	(681)	(749)
Depreciation and amortization	(728)	(802)	(902)	(864)	(961)
Gross profit	3,489	3,873	4,532	4,994	5,495
Gross margin	87.1%	88.0%	88.0%	88.0%	88.0%
SG&A	(1,799)	(1,883)	(2,297)	(2,524)	(2,765)
EBITDA	1,838	2,009	2,235	2,470	2,730
EBITDA margin	45.9%	45.7%	43.4%	43.5%	43.7%
EBIT	1,110	1,439	1,333	1,606	1,769
Net interest expense	0	0	(634)	(634)	(634)
Interest income	0	0	96	96	96
FX gain / (loss)	9	(41)	0	0	0
Profit before tax	704	785	795	1,068	1,231
Income tax	(217)	(194)	(262)	(352)	(406)
Attributable NPAT	415	532	469	630	726
Net margin	12.2%	13.4%	10.3%	12.6%	13.2%
Shares outstanding (mn)	72	72	72	72	72
EPS per ADS (US$)	5.73	7.41	6.53	8.77	10.11

Source: Zero One Investment Research Financial Model; Bloomberg

EXHIBIT 9: CONSOLIDATED BALANCE SHEET FORECAST

US$M, PERIOD-END	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and equivalents	1,689	1,732	2,350	3,002	3,785
Accounts receivable	437	584	684	753	829
Inventory	15	32	28	30	33
Other current assets	744	765	883	973	1,071
Total current assets	2,885	3,113	3,945	4,759	5,718
Property, plant and equipment	3,016	3,757	3,602	3,560	3,473
Intangible assets and goodwill	1,172	1,150	1,150	1,150	1,150
Other non-current assets	963	1,195	1,195	1,195	1,195
Total non-current assets	5,151	6,102	5,947	5,905	5,818

US$M, PERIOD-END	FY24A	FY25A	FY26E	FY27E	FY28E
Total assets	8,036	9,215	9,892	10,665	11,536
Accounts payable	1,276	1,442	1,596	1,703	1,811
Short-term debt	1,666	1,102	1,102	1,102	1,102
Other current liabilities	684	888	942	979	1,017
Long-term debt	3,028	4,043	4,043	4,043	4,043
Other non-current liabilities	125	106	106	106	106
Total liabilities	6,779	7,581	7,789	7,933	8,078
Total equity	1,257	1,634	2,103	2,732	3,458

Source: Zero One Investment Research Financial Model; Bloomberg

EXHIBIT 10: CONSOLIDATED CASH FLOW STATEMENT FORECAST

US$M	FY24A	FY25A	FY26E	FY27E	FY28E
Attributable NPAT	415	532	469	630	726
D&A addback	731	811	902	864	961
Working capital and other	(69)	(86)	(5)	(20)	(30)
Cash flow from operations	1,150	1,353	1,365	1,475	1,657
Capex	(627)	(733)	(747)	(823)	(874)
Acquisitions and other	(326)	(46)	0	0	0
Cash flow from investing	(778)	(791)	(747)	(823)	(874)
Net short-term debt change	0	0	0	0	0
Net long-term debt change	0	0	0	0	0
Equity issued / (repaid)	(8)	(105)	0	0	0
Dividends paid	0	0	0	0	0
Cash flow from financing	(551)	(548)	0	0	0
Ending cash	1,689	1,732	2,350	3,002	3,785

Source: Zero One Investment Research Financial Model; Bloomberg

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