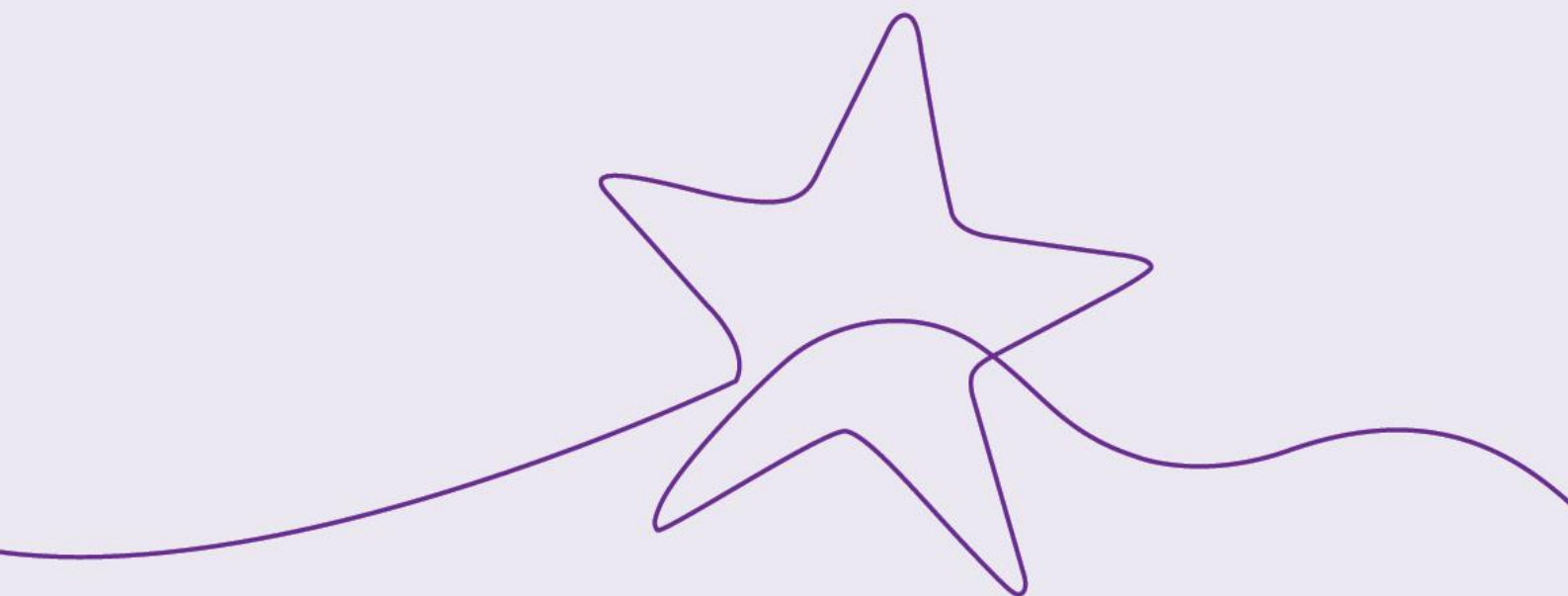


Kcell

Kcell JSC

Results for January-December 2023



Kcell JSC Results for January – December 2023

Almaty, March 15, 2024 – Kcell Joint Stock Company ("Kcell" or the "Company") (KASE, KCEL), one of the leading providers of mobile telecommunications services in Kazakhstan, announces its results for January-December 2023.

Fourth quarter

- Net sales were KZT 62 178 million. Service revenue increased by 12,2 % to KZT 50 554 million (45 057).
- EBITDA, excluding non-recurring items, was KZT 27 922 million (20 729), with EBITDA margin of 44,9% (37,7).
- Operating income, excluding non-recurring items, was KZT 13 240 million.
- Net finance cost was KZT 2 887 million (421).
- Net income increased to KZT 9 327 million (7 891)
- CAPEX-to-sales ratio at 52,11% (42,9).
- Free cash flow decreased by 49,58% to KZT 6 703 million (13 283).

12 months

- Net sales increased by 2,8% to KZT 227 493 million (221 232). Service revenue increased by 9,6% to KZT 190 332 million (173 692).
- EBITDA, excluding non-recurring items, increased by 4,6 % million 95 026 million (90 848). EBITDA margin increased by 0,71% (41,06%).
- Operating income, excluding non-recurring items, decreased by 17% to KZT 50 948 million (61 587).
- Net finance cost increased by 54,5% to KZT 7 550 million (4 920).
- Net income decreased by 18,5% to KZT 32 897 million (40 350).
- CAPEX-to-sales ratio was at 77,8 % (18,8).
- Free cash flow was KZT 79 857 million (28 278)
- Total subscriber base was 7 792,5 thousand users (7 986).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Q4 2023	Q4 2022	Chg (%)	12 months 2023	12 months 2022	Chg (%)
Net sales	62 178	55 036	12,98%	227 493	221 232	2,83%
<i>of which service revenue</i>	50 554	45 057	12,20%	190 332	173 692	9,58%
EBITDA excl. non-recurring items	27 922	20 729	34,70%	95 026	90 848	4,60%
<i>Margin (%)</i>	44,91%	37,66%	7,24%	41,77%	41,06%	0,71%
Operating income	13 240	13 800	-4,06%	50 948	60 174	-15,33%
Operating income excl. non-recurring items	13 240	14 153	-6,45%	50 948	61 587	-17,27%
Net income	9 327	7 891	18,20%	32 897	40 350	-18,47%
Earnings per share (KZT)	46,64	39,5	18,08%	164,49	201,8	-18,49%
CAPEX-to-sales (%)	52,11%	42,90%	9,21%	77,76%	18,80%	58,96%
Free cash flow	6 703	13 294	-49,58%	-79 857	28 278	-382,40%

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the fourth quarter or twelve months of 2022 unless otherwise stated.

Comments by Askhat Uzbekov, Chairman of the Management Board, CEO



The year 2023 was a productive and eventful year for the Company. The Company successfully developed and implemented various projects, including some that were strategically important for both the Company and the country.

Despite a significant increase in expenses last year, we were able to maintain growth dynamics of our key operating and financial indicators and a strong market position. This was due to our conservative policy, improved operations, cost optimization, and efficiency improvements. These factors combine to give us significant financial strength, comfortable liquidity, relatively low leverage, and good cash flow generation, as well as ready access to debt capital.

In terms of the Company's financial performance in 2023, Kcell has achieved a total revenue of KZT 227.5 billion, which is a 2.83% YoY increase from 2022. Furthermore, the service revenue has increased by almost 10% to over KZT 190 billion, while the EBITDA excluding non-recurring costs has grown by 4.6% to KZT 95 billion, resulting in an EBITDA margin of 41.8%.

At the end of 2023, the company's net profit was approximately KZT 33 billion, which represented a decrease of KZT 7.5 billion compared to 2022. This reduction was primarily due to significant capital expenditure on network development and modernization, as well as substantial investments in the deployment of fifth-generation communication technology.

With regards to Q4, we were able to achieve a revenue growth of 12.98% or KZT 62 178 million in absolute terms. Our EBITDA, excluding non-recurring costs, increased by 34.7% to KZT 27.9 billion, and our FCF amounted to KZT 6.6 billion.

It is evident that the Company's chosen strategy and development path have contributed to its stability, which is supported by international rating agencies. For instance, in December 2023, Fitch Ratings reaffirmed the Company's long-term rating at BB+ with a Stable Outlook. Moreover, Kcell JSC has been recognized as the leader in the equity market by the Kazakhstan Stock Exchange.

Another significant achievement of the Company last year that is worth noting is that Kcell JSC was recognized as the operator with the fastest internet in Kazakhstan by Ookla, a global leader in connectivity intelligence, based on nearly 600,000 measurements on the Speedtest platform. The Company's network showed the highest access speed in the country at 67.35 Mbps.

I am confident that the Company's deployment of 5G communication technology in the country, as well as the modernization and development of the network, will have a positive impact on our republic's position in various international ratings. For instance, in the 2023 Speedtest Global Index, Kazakhstan moved up 23 positions from 95th to 72nd out of 146 states in 2022. According to Ookla analysts, mobile download speeds in our country have improved significantly, with an increase of 61% from 21.29 Mbps at the end of 2022 to 35.07 Mbps in December 2023.

In 2023, we successfully constructed 480 5G base stations in 17 cities across the country, exceeding our license obligations. This achievement enabled us to provide modern telecommunications and digital services based on the new technology to up to half a million people in Kazakhstan.

That being said, we did not forget about the previous LTE technology. We have been actively modernizing and installing additional 4G base stations in both urban and rural areas to provide all Kazakhstanis with telecom services, regardless of their location. In fact, in 2023, we launched 368 4G base stations throughout the country to offer quality mobile communication and internet services to both rural and urban residents. Some of the installations were made under the 250+ state program, while others were made under the network development program for 2023-2024.

Last year, Kcell developed Private LTE networks for several large enterprises, primarily in the mining sector. We collaborated with the Ministry of Internal Affairs to implement the Digital Policeman project

nationwide. Additionally, we launched the Kcell Auleti home internet service, which is based on 5G technology. The service received over 2,000 applications from potential subscribers during the pre-order stage.

In 2024, we will continue to implement strategically important projects for both the company and the industry. Our focus will be on providing high-quality and reliable telecoms and digital services to customers in all segments, helping both ordinary citizens and business customers address everyday and business tasks.

Almaty

March 15, 2024

Conference call

Kcell will, together with Kazakhstan Stock Exchange JSC, host a ZOOM video conference call for investors and analysts on March 15, 2024 at 11:00, Almaty time. The conference will be held in the Russian language.

To join the conference, send your last name, first name and patronymic, name of your organization, position, e-mail address, questions to customers@kase.kz.

All registered participants will be sent a link (invitation) to the online meeting on ZOOM.

A presentation will be available on the Company website shortly before the conference call at <https://investors.kcell.kz>

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Kcell

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Review of the 4th quarter of 2023

Net sales

Net sales increased by 12,98% to KZT 62 178 million (55 036).

Service revenue increased by 12,20% to KZT 50 554 million (45 057).

Voice and data services

Revenue from voice and data services increased by 11,62% to KZT 48 360 million (43 324).

Data traffic grew by 5,76% to 202 petabyte (PB).

Value-added services

Revenue from value-added services decreased by 19% to KZT 1 474 million (1 824).

Handset sales

Handset sales increased by 18, 2% to KZT 11 144 million (9 426).

Income from government subsidy

In 2021, the Government approved amendments to the *Rules of allocation of frequency bands, radio frequencies, operation of radio electronic facilities and high-frequency devices*, which entitle the Company to receive government subsidies in the form of a 90% reduction in the annual frequency fee for the period from January 1, 2020 to December 31, 2024.

KZT in millions, except percentages	Q4 2023	% of total	Q4 2022	% of total
Voice and data services	48 360	78%	43 324	78,72%
Handset sales	11 144	18%	9 426	17,13%
Value added and other services	1 474	2%	1 824	3,31%
Government subsidy	1200	2%	462	0,84%
Total revenue	62 178	100%	55 036	100%

Expenses

Cost of sales increased by 33% to KZT 43 440 million (32 661).

Selling and marketing expenses decreased by 6% to KZT 1 217 million (1 299).

General and administrative expenses - KZT 1 550 million.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 34,7% to KZT 27 922 million (20 729), with EBITDA margin of 44,91% (37,66%).

Net finance cost increased to KZT 2 887 million (421).

Income tax expense – KZT 846 million (4 085).

Net income increased by 18,2% to KZT 9 327 million (7 891)

CAPEX increased by 38,9% to KZT 32 399 million (23 319), and CAPEX-to-sales ratio was 52,11% (42,37%).

Free cash flow decreased by 49,6% to KZT 6 703 million (13 294).

Review of 12 months of 2023

Net sales

Net sales increased by 2,8% to KZT 227 493 million (221 232).

Service revenue increased by 9,6 % to KZT 190 332 million (173 692).

Voice and data services

Revenue from voice and data services increased by 7,4 % to KZT 179 159 million (166 865).

Value-added services

Revenue from value-added services decreased by 30,3% to KZT 4 633 million (6 646).

Handset sales

Handset sales decreased by 26,2% to KZT 33 415 million (45 310).

Income from government subsidy

In 2021, the Government approved amendments to the *Rules of allocation of frequency bands, radio frequencies, operation of radio electronic facilities and high-frequency devices*, which entitle the Company to receive government subsidies in the form of a 90% reduction in the annual frequency fee for the period from January 1, 2020 to December 31, 2024.

KZT in millions, except percentages	12 month 2023	% of total	12 month 2022	% of total
Voice and data services	179 159	78,75%	166 865	75,43%
Handset sales	33 415	14,69%	45 310	20,48%
Value added services	4 633	2,04%	6 646	3,00%
Other services	6 540	2,87%	181	0,08%
Government subsidy	3 746	1,65%	2 230	1,01%
Total revenue	227 493	100,00%	221 232	100,00%

Expenses

Cost of sales increased by 11,7% to KZT 156 008 million (139 585).

Selling and marketing expenses increased by 99% to KZT 5 401 million (2 714)

General and administrative expenses decreased by 31,4% to KZT 8 811 million (12 944)

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 4,6 % to KZT 95 026 million (90 848), with EBITDA margin of 41,77% (41,06%).

Net finance cost decreased by 53,5% to KZT 7 550 million (4 920).

Income tax expense decreased by 38,4% to KZT 9 155 million (14 871).

Net income decreased by 18,5% to KZT 32 897 million (40 350). Earnings per share were KZT 164,49 (201,8)

CAPEX increased to KZT 176 905 million (41 622), CAPEX-to-sales ratio was 77,8% (18,8).

Free cash flow was KZT 79 857 million (28 278).

Key milestones of January - December 2023

February

- On 9 February 2023, the Company's Board of Directors decided to engage in a related-party transaction. The transaction concerned the distribution of 5G frequencies, license obligations, and payment obligations between the parties, as well as seeking external financing for the construction of the fifth-generation network.

March

- On 15 March, the Board of Directors decided to convene the AGM.
- The Board of Directors recommends that the General Meeting of Shareholders refrain from distributing net income for the financial year 2022 and paying dividends on ordinary shares of Kcell JSC. This is due to the implementation of the strategic project 'Introduction and development of fifth generation cellular communication (5G/IMT) in the Republic of Kazakhstan', which is of strategic importance for the Company's long-term competitive development in the telecommunications market. The project will put a strain on the Company's cash flow in 2023.

April

- On 14 April, Kcell JSC together with KASE held an online meeting on Financial Results for Q4 and 12 months of 2022 as part of the Issuer Day project.

May

- On 10 May, the Board of Directors elected the following members of the Management Board for a new term until 11 May 2026:
 - Askhat Uzbekov, Chief Executive Officer, Chairman of the Management Board,
 - Azamat Uysumbaev, Chief Corporate Officer,
 - Daniyar Ibrayev, Chief Security Officer,
 - Kirill Strashenko, Chief Technical Officer,
 - Malik Amardinov, Chief Digital Development Officer.
- On 11 May 2023, Maria Averchenko was removed from the Management Board of the Company due to expiry of her employment contract.

- On 19 May 2022, the Annual General Meeting of Shareholders ("AGM") was held.

The AGM agenda included the following issues:

- On the approval of Kcell JSC Annual Financial Statements for 2022.
- On the approval of the distribution of Kcell JSC net income for the financial year 2022, and the approval of the size of the dividend payout per one ordinary share.
- On shareholder enquires concerning the actions of the Company and its officials and the results of their consideration.

The AGM has adopted the following decisions by a simple majority of votes:

- To approve the Kcell JSC audited IFRS Separate and Consolidated Financial Statements for the year ended 31 December 2022.
- The net income of Kcell JSC for fiscal year 2022 shall be retained and no dividends on common shares of Kcell JSC shall be paid.
- To take note of the information on shareholder enquiries concerning the actions of the Company and its officials in 2022.

June

- On 13 June 2022, the Board of Directors adopted the following decisions:
 - To elect Damir Mullashev as member of the Management Board of Kcell JSC and Chief Finance Officer for a term covering June 14, 2023 – May 11, 2026, both dates inclusive;
 - To elect Olga Tsoi as member of the Management Board of Kcell JSC and Chief Commercial Officer for a term covering June 14, 2023 – May 11, 2026, both dates inclusive.

The new Management Board of Kcell JSC includes:

 - Askhat Uzbekov - Chairman of the Management Board, Chief Executive Officer.
 - Olga Tsoi - member of the Management Board, Chief Commercial Officer;
 - Damir Mullashev - member of the Management Board, Chief Finance Officer;
 - Azamat Uisumbayev - member of the Management Board, Chief Corporate Officer;

- Kirill Strashenko - member of the Management Board, Chief Technical Officer;
- Daniyar Ibrayev - member of the Management Board, Chief Security Officer;
- Malik Amardinov - member of the Management Board, Chief Digital Development Officer.

July

- On 28 July, Galimzhan Yessenov became a major shareholder of the Company as a result of the purchase of Pioneer Horizon East, SCS's 14.87% stake in the Company.

August

- Ericsson has become Kcell's main partner for 5G deployment in key regions including Almaty, Shymkent and other areas.
- On 17 August, the Board of Directors adopted a decision to enter into a major transaction to increase the credit line with Halyk Bank of Kazakhstan JSC up to KZT 90,500,000,000 by signing an Additional Agreement to the Individual Agreement No. KS 02-23-06 dated 15 February 2023 to refinance debt and replenish working capital.
- On 23 August, the Company took part in the International Telecom Conference "Kcell Eurasian Mobile Summit 2023", which brought together more than 1,000 participants and speakers.

September

- On 8 September 2023, based on the letter of First Heartland Jusan Bank JSC ("Bank") dated 2 August 2023 demanding early repayment of the loan due to the Company becoming an affiliated person and a person related to the Bank by special relations, as defined in article 64.1.5 of the Law of the Republic of Kazakhstan 'On Joint Stock Companies' and article 40.3.5 of the Law of the Republic of Kazakhstan 'On Banks and Banking Activities', the Company made an early repayment of a portion of the loan principal. The repayment amount was KZT 40 billion under the credit line of the Master Loan Agreement with First Heartland Jusan Bank JSC, dated 10 November 2021.

October

- On 11 October, T.R. Turlov, a representative of shareholder Freedom Finance JSC, resigned

from the Board of Directors on his own initiative.

- On 27 October, the Board of Directors decided to convene an Extraordinary General Meeting of Shareholders (EGM) in person.
- On 30 October, Independent Director Yermek Ramazanov announced the early termination of his powers on his own initiative from the date of the next extraordinary meeting of the General Meeting of Shareholders.

November

- On 16 November, Kcell JSC was awarded the titles of 'Equity Market Leader' and 'For Contribution to the Development of Kazakhstan's Capital Market' by the Kazakhstan Stock Exchange at the International Exchange Forum.
- On 29 November, an EGM was held in person. The agenda of the EGM included the following issues:
 1. On the composition and term of office of the counting commission, election of its members.
 2. On changes in the composition of the Board of Directors of Kcell JSC.

The EGM adopted the following decisions on agenda items by a simple majority of votes:

1. To determine the composition of the Counting Committee including 3 (three) members with the term of office ending on 1 June 2026:
Lazat Takibayeva– Chairman of the Counting Commission;
Diana Poznyakova;
Yelena Logdanidi.
2. To elect the following persons to the current Board of Directors of Kcell JSC:

Dauren Kereybayev as a member of the Board of Directors of Kcell JSC, representative of Galimzhan Yessenov, a major shareholder of Kcell JSC;
Sanzhar Zhamalov as an independent director of Kcell JSC.

2.1 To determine the term of office of members of the Board of Directors of Kcell JSC Dauren Kereybayev and Sanzhar Zhamalov - from the moment of election and until expiration of the term of office of the current Board of Directors of Kcell JSC established at the Annual General Meeting of Shareholders on May 19, 2022 (Minutes #21).

2.2 To determine the amount of annual fixed remuneration and annual additional remuneration for

Sanzhar Zhamalov, independent director of Kcell JSC, in accordance with the resolution of the Annual General Meeting of Shareholders of Kcell JSC dated May 29, 2019 (Minutes # 13).

2.3 To determine the conditions for payment of remuneration and reimbursement of expenses of Sanzhar Zhamalov, member of the Board of Directors of Kcell JSC, in accordance with the Regulation on the amount and conditions for payment of remuneration and reimbursement of expenses to independent members of the Board of Directors of Kcell JSC for performance of their duties approved by the Annual General Meeting of Shareholders of Kcell JSC on May 29, 2019 (Minutes # 13).

The current members of the Kcell Board of Directors are as follows:

- Alexey Buyanov - Chairman of the Board of Directors, Independent Director;
- Aliya Kishkimbayeva - member of the Board of Directors, representative of shareholder Kazakhtelecom JSC;
- Jere Calmis - member of the Board of Directors, Independent Director;

- Pietari Kivikko - member of the Board of Directors, Independent Director;
- Alexander Lezgovko - member of the Board of Directors, representative of shareholder Kazakhtelecom JSC;
- Sanzhar Zhamalov - member of the Board of Directors, Independent Director;
- Dauren Kereybayev - member of the Board of Directors of Kcell JSC, representative of a major shareholder Galimzhan Yessenov.

December

- On 5 December, Fitch Ratings affirmed Kcell JSC's Long-term Issuer Default Rating at 'BB+', with a Stable Outlook.

The IFRS Report for January-December 2023 is available on the Company's website.

Definitions

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization. Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

CAPEX: Capital expenditures for property, plant and equipment as well as software and licenses including investments in tangible and intangible non-current assets, but excluding goodwill and fair value adjustments recognized in acquisitions, and excluding the recording of assets retirement obligations.

IFRS 16 Leases: introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The amortization of the right-of-use asset and the accumulation of interest on a financial liability replace lease payments recognized as rental expenses in profit or loss.

Free cash flow: cash flow from operating activities less cash CAPEX.

Condensed Consolidated Statements of Comprehensive Income

KZT in millions, except per share data, number of shares and changes	Q4 2023	Q4 2022	Chg (%)	12 months 2023	12 months 2022	Chg (%)
Revenues	60 978	54 574	11,7%	223 747	219 002	2,2%
Income from Government subsidy	1 200	462	159,74%	3 746	2 230	67,98%
Cost of sales	- 43 440	- 32 661	33,00%	- 156 008	- 136 269	14,49%
Gross profit	18 738	22 375	-16,25%	71 485	84 963	-15,86%
Selling and marketing expenses	- 1 217	- 1 299	-6,31%	- 5 401	- 2 714	99,01%
General and administrative expenses	- 1 550	- 5 373	-71,15%	- 8 811	- 16 260	-45,81%
Impairment of assets	- 2 916	- 2 879	1,29%	- 5 702	- 6 264	-8,97%
Other operating income and expenses, net	185	976	-81,05%	- 623	449	-238,75%
Operating income	13 240	13 800	-4,06%	50 948	60 174	-15,33%
Finance income and expenses, net	- 2 887	- 421	585,75%	- 7 550	- 4 920	53,46%
Net forex gain/loss, net	- 180	- 1 403	-87,17%	- 1 346	- 33	3978,79%
Profit/loss before income tax	10 173	11 976	-15,06%	42 052	55 221	-23,85%
Income tax expense	- 846	- 4 085	-79,29%	- 9 155	- 14 871	-38,44%
Net income	9 327	7 891	18,20%	32 897	40 350	-18,47%
Other comprehensive income						
Total comprehensive income						
Earnings per share (KZT), basic and diluted	46,64	39,50	18,08%	164,49	201,80	-18,49%
Number of shares (thousands)						
Outstanding at period-end	200 000	200 000		200 000	200 000	
Weighted average, basic and diluted	200 000	200 000		200 000	200 000	
EBITDA	27 922	20 376	37,03%	95 026	89 435	6,25%
EBITDA excl. non-recurring items	27 922	20 729	34,70%	95 026	90 848	4,60%
Depreciation, amortization and impairment losses	- 14 789	- 7 490	97,45%	- 44 470	- 30 454	46,02%
Operating income excl. non-recurring items	13 240	14 153	-6,45%	50 948	61 587	-17,27%

Condensed Consolidated Statement of Financial Position

KZT in millions	31 Dec 23	31 Dec 22
АКТИВЫ		
Non-current assets		
Property, plant and equipment	156 113	97 724
Intangible assets	123 824	43 482
Investment property	339	2 210
Advances paid for non-current assets	176	4 104
Right to use assets	41 162	15 084
Long-term receivables	1 523	4 345
Contract acquisition costs	674	558
Deferred tax assets	4 148	1 598
Total non-current assets	327 959	169 105
Current assets		
Inventories	9 009	7 980
Trade and other receivables	32 723	26 523
Other current non-financial assets	7 826	6 897
Other current financial assets	2 167	800
Income tax advance	545	30
Financial assets at depreciable cost	–	14 833
Cash and cash equivalents	11 031	46 248
Total current assets	63 301	103 311
Total assets	391 260	272 416
Equity and liabilities		
Equity		
Share capital	33 800	33 800
Additional paid-in capital	1 260	1 260
Retained earnings	136 458	103 561
Total equity	171 518	138 621
Liabilities		
Long-term liabilities		
Long-term borrowings	77 514	41 646
Long-term lease liabilities	38 261	12 514
Government subsidies: non-current portion	14 391	8 179
Long-term trade payables	7 339	–
Asset retirement obligation	3 676	3 808
Total non-current liabilities	141 181	66 147
Short-term liabilities		
Short-term borrowings	7 353	5 597
Short-term lease liabilities	5 296	5 323
Government subsidies: short-term portion	3 746	3 089
Short-term trade payables	40 996	34 749
Financial guarantees	44	155
Contractual liabilities	9 861	5 645
Estimated liabilities	2 062	3 685
Obligations to employees	5 952	5 708
Tax payable, except income tax	3 251	1 611
Income tax payable	–	2 086
Total short-term liabilities	78 561	67 648
Total liabilities	219 742	133 795
Total equity and liabilities	391 260	272 416

Condensed Consolidated Statement of Cash Flows

KZT in millions	Q4 2023	Q4 2022	12 months 2023	12 months 2022
Cash flow before change in working capital	29 584	24 001	97 672	95 154
Change in working capital	(3 532)	(4 481)	(17 435)	(29 226)
Cash flow from operating activities	26 054	19 520	80 237	65 928
Cash CAPEX	(19 219)	-6 226	(159 964)	-37 650
Free cash flow	6 703	13 294	(79 857)	28 278
Proceeds from financial assets (net)	-	-14 813	14 813	-14 813
Cash flow from financing activities	102	-1 603	30 652	-18 370
Cash flow for the period	6 937	-3 122	(34 262)	-4 905
Cash and cash equivalents, opening balance	4 169	51 376	46 248	51 402
Cash flow for the period	6 937	-3 122	(34 262)	-4 905
Exchange rate difference	(75)	-2 006	(955)	-249
Cash and cash equivalents, closing balance	11 031	46 248	11 031	46 248

Condensed Consolidated Statement of Changes in Equity

KZT in millions	12 months 2023				12 months 2022			
	Share capital	Additional capital	Retained earnings	Total equity	Share capital	Retained earnings	Additional capital	Total equity
Opening balance	33 800	1 260	103 561	138 621	33 800	63 211	1 260	98 271
Dividends	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	32 897	32 897	-	40 350	-	40 350
Closing balance	33 800	1 260	136 458	171 518	33 800	103 561	1 260	138 621

Basis of preparation

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS), as amended by the International Accounting Standards Board.

These consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies and notes to the consolidated financial statements.

All amounts in this report are presented in KZT millions, unless otherwise stated. Rounding differences may occur.

Non-recurring items

KZT in millions	Q4 2023	Q4 2022	12 months 2023	12 months 2022
Within EBITDA				
Non-recurring items	0	353	0	1 413
Total		353		1 413

Investments

KZT in millions	Q4 2023	Q4 2022	12 months 2023	12 months 2022
CAPEX				
Intangible assets	8 769	5 258	102 746	12 659
Property, plant and equipment	23 631	18 061	74 159	28 892
Total	32 400	23 319	176 905	41 551

Сделки со связанными сторонами

Parties are considered related if one party can control the other, is under common control, or can exercise significant influence or joint control over the other in making financial and operational decisions. The substance of the relationship is considered, not just the legal form.

The Group's main transactions with related parties comprised of consulting services, technical and operational support, leasing communication channels, roaming, and peering services.

As of 31st December 2023, the Group acknowledged a provision of KZT 429 million for expected credit losses against receivables from related parties (31st December 2022: KZT 237 million).

The parent company, Kazakhtelecom JSC, is majority-owned by the National Welfare Fund Samruk-Kazyna, which is controlled by the Government of the Republic of Kazakhstan. Samruk-Kazyna JSC owns 80.85% of the controlling shares of Kazakhtelecom JSC (Note 1). State-owned entities include those under common control and related to the Government of the Republic of Kazakhstan.

Net debt *

KZT in millions	31 Dec 2023	31 Dec 2022
Long-term and short-term borrowings	84 867	47 243
Less short-term investments, cash and bank	11 031	61 081
Net debt	73 836	(13 838)

* excluding lease liabilities under IFRS 16 "Lease"

Key financial ratios

	31 Dec 2023	31 Dec 2022
Return on equity (% , rolling 12 months)	19,18%	29,10%
Return on capital employed (% , rolling 12 months)	19,32%	29,40%
Equity/assets ratio (%)	43,90%	50,90%
Net debt/equity ratio (%)	1,28	0,97
Net debt/EBITDA rate (multiple, rolling 12 months)*	0,8	-0,2
Owners' equity per share (KZT)	857,59	693,1

* Including short-term investments and excluding lease liabilities under IFRS 16 "Lease"

Operational data

	Q4 2023	Q4 2022	Chg (%)	12 months 2023	12 months 2022	Chg (%)
Subscribers, period-end (thousands)	7 792,5	7 986	-2,42%	7 792,5	7 986	-2,42%
of which prepaid	6817,3	6 953	-1,95%	6817,3	6 953	-1,95%
MOU (min/month)	191.9	183	4,8%	191.7	192	-0,15%
ARPU (KZT)	1 957	1 686	16,07%	1 853	1 649	12,37%
Churn rate (%)	0,50%	23,20%	-22,70%	19,60%	23,30%	-3,70%
Employees, period-end	2 219	2 243	-1,07%	2 219	2 243	-1,07%

Forward-looking statements

This report may contain statements concerning, among other things, Kcell's financial condition and results of operations that could be forward-looking in nature. Such statements are not historical facts but, rather, represent Kcell's future expectations. Kcell believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual

results or outcomes to differ materially from those expressed in any forward-looking statement.

Such important factors include, but may not be limited to: Kcell's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Kcell and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Kcell undertakes no obligation to update any of them in light of new information or future events.