

Kcell



Kcell JSC Results for January-June 2022



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Almaty, 26 July 2022 – Kcell Joint Stock Company ("Kcell" or the "Company") (KASE: KCEL), one of the leading provider of mobile telecommunications services in Kazakhstan, announces its interim results for January-June 2022.

Second quarter

- Total revenue increased by 23.5% to KZT 57 010 million (46 147).
- EBITDA increased by 23.8% to KZT 23 988 million (19 383), with EBITDA margin of 42.1 percent (42.0).
- Operating income increased by 38.6% to KZT 16 074 million (11 600).
- Net finance cost decreased by 10.5% to KZT 1 754 million (1 960).
- Net income increased by 19.4% to KZT 10 125 million (8 477).
- CAPEX-to-sales ratio increased to 13.5% (4.2).
- Free cash declined to KZT 13 463 million (23 100).
- The subscriber base remained stable at 7 986 thousand (8 028).

First half

- Total revenue up 19.7% to KZT 107 903 million (90 163).
- EBITDA increased by 17.7% to KZT 45 664 million (38 804). EBITDA margin increased to 42.3 percent (43.0).
- Operating income up 30.2% to KZT 30 419 million (23 370).
- Net finance cost decreased by 16.8% to KZT 3 480 million (4 183).
- Net income increased by 23.9% to KZT 19 357 million (15 627).
- CAPEX-to-sales ratio of 11.0% (5.2).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Apr-Jun 2022	Apr-Jun 2021	Chg (%)	Jan-Jun 2022	Jan-Jun 2021	Chg (%)
Total revenue	57 010	46 147	23.5	107 903	90 163	19.7
<i>of which service revenue</i>	42 891	38 320	11.9	82 706	74 122	11.6
EBITDA excl. non-recurring items	23 988	19 383	23.8	45 664	38 804	17.7
<i>Margin (%)</i>	42.1	42.0	0.1pp	42.3	43.0	-0.7pp
Operating income excl. non-recurring items	16 074	11 600	38.6	30 419	23 370	30.2
Net income	10 125	8 477	19.4	19 357	15 627	23.9
Earnings per share (KZT)	50.6	42.4	19.4	96.8	78.1	23.9
CAPEX-to-sales (%)	13.5	4.2	9.3pp	11.0	5.2	5.8pp
Free cash flow	13 463	23 100	-41.7	-2 468	21 614	-111.4

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the second quarter or the first half of 2021, unless otherwise stated.

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

“It is a great honor for me to join the Kcell team as the Chairman of the Board. The company continues to implement the strategy adopted last year, which is aimed at strengthening its position in the telecommunications market. Strong financial and operational results for the second quarter demonstrate the right choice of course and allow us to look to the future with confidence.

I am delighted to report that the second quarter of 2022 was a successful one for the Company. Revenue growth reached 23.5%. This level of revenue growth, combined with tight control and cost optimization, allowed us to achieve a significant increase in EBITDA - by 23.8% percent.

In the second quarter, we managed to achieve a significant increase in the revenue of devices - sales grew by 71.3%. The main driver of revenue growth is our unique offer for contract phones, based on our own best-in-class scoring, which allowed us to achieve record results.

Kcell demonstrates high financial inclusion, providing equal access to financial services for all residents of the country. This is also due to the implementation of the 250+ program, according to which villagers use the Internet and communications on an equal basis with city residents. In addition, the operator is successfully implementing MFS - mobile financial services implemented in the activ/Kcell super-app. In June, the activ/Kcell super-app was upgraded with neobank services and became even easier.

In the second quarter of 2022, MFS revenue growth grew by 41% compared to the second quarter of 2021, the number of OGO card openings grew by 63%, and the volume of payments grew by 85%. In July, as part of Astana Finance Days, we announced the rebranding of our financial product. Very soon, OGO Bank will be introduced to customers. We have not just changed the name, this is, in fact, a forced measure, since our clients can already use all banking services, including opening deposits and processing loans.

We continue to work on the implementation of the new strategy, which focuses on maintaining Kcell's leadership position in all areas of business in the market and using all synergy opportunities within the Kazakhtelecom JSC Group.



We see strong financial and operational opportunities in further network and infrastructure sharing initiatives.

On 19 May 2022, at the Annual General Meeting of Shareholders (AGM), it was decided to reduce the composition of the Board of Directors from nine to seven members, the new composition includes four independent directors, two representatives of the controlling shareholder of Kazakhtelecom JSC and a representative of the shareholder of Freedom Finance JSC".

Kcell actively participates in the implementation of the 250+ program. By the end of 2022, it is planned to provide another 360 villages with communications and Internet access. The Company continues to work in excess of obligations for 250+. Since the beginning of the year, the network has been upgraded in 46 villages - the villagers now use LTE technology. The Company plans to improve the current coverage and install new base stations in 60 villages across Kazakhstan.

The Company also works in the priority areas of the ESG agenda, supporting initiatives in the field of environmental protection, social responsibility and corporate governance.

Continuing to maintain high standards of corporate governance and best practices in all areas of the Company's activities, in the first half of the year, two additional positions were introduced to the Management Board of the Company - Chief Corporate Officer and Chief Security Officer.

We will continue to work in our main strategic areas: happy shareholder, happy client, happy employee. I am sure that it is this approach that will allow creating a Kazakhstani benchmark and achieving high financial and operational results for the benefit of society».

Almaty
26 July 2022

Conference call

Kcell together with Kazakhstan Stock Exchange JSC will host a conference call for investors and analysts on 26 July 2022 at 11:00 Almaty time. The conference will be held in Russian.

To participate please register at the link <https://clck.ru/sKA66>

All registered participants will be sent a ZOOM link.

For questions, please email: customers@kase.kz

The presentation will be available on the Company's website <https://investors.kcell.kz>

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Review of the second quarter 2022

Total revenue

Total revenue increased by 23.5% to KZT 57 010 million (46 147).

Service revenue increased by 11.9% to KZT 42 891 million (38 320).

Voice and other services

Revenue from voice and other services increased by 16.6% to KZT 22 603 million (19 382).

Data service revenue

Data revenue increased by 14.0% to KZT 19 019 million (16 686).

Value-added service revenue

Revenue from value-added services decreased by 39.6% to KZT 1 359 million (2 251).

Handset sales

Handset sales increased by 71.3% to KZT 13 410 million (7 827).

KZT in millions, except percentages	Apr-Jun 2022	% of total	Apr-Jun 2021	% of total
Voice and other services	22 603	39.6	19 382	42.0
Data services	19 019	33.4	16 686	36.2
Value added services	1 359	2.4	2 251	4.9
Handset sales	13 410	23.5	7 827	17.0
Government subsidy	620	1.1	-	0.0
Total revenues	57 010	100.0	46 147	100.0

Expenses

Cost of sales

Cost of sales grew by 21.6% to KZT 36 142 million (29 723), largely due to increased handset sales.

Selling and marketing expenses

Selling and marketing expenses down 8.4% percent to KZT 460 million (502).

General and administrative expenses

General and administrative expenses decreased by 4.1% to KZT 3 929 million (4 095).

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 23.8% to KZT 23 988 million (19 383), with EBITDA margin of 42.1 percent (42.0).

Net finance cost decreased by 10.5% to 1 754 million (1 960).

Income tax expense amounted to KZT 4 745 million (2 037).

Net income increased by 19.4% to KZT 10 125 million (8 477), with earnings per share of KZT 50.6 (42.4).

CAPEX increased to KZT 7 668 million (1 922), and CAPEX-to-sales ratio was 13.5% (4.2).

Free cash flow decreased to KZT 13 463 million (23 100).

Review of the first half of 2022

Total revenue

Total revenue were 19.7% higher and amounted to KZT 107 903 million (90 163).

Service revenue increased by 11.6% to KZT 82 706 million (74 122).

Voice and other services

Revenue from voice and other services increased by 16.5% to KZT 43 517 million (37 369).

Data service revenue

Data revenue increased by 11.6% to KZT 36 182 million (32 433).

Value-added service revenue

Revenue from value-added services decreased by 28.3% to KZT 3 097 million (4 320).

Handset sales

Handset sales increased by 49.2% to KZT 23 929 million (16 041).

KZT in millions, except percentages	Jan-Jun 2022	% of total	Jan-Jun 2021	% of total
Voice and other services	43 517	40.3	37 369	41.4
Data services	36 182	33.5	32 433	36.0
Value added services	3 097	2.9	4 320	4.8
Handset sales	23 929	22.2	16 041	17.8
Government subsidy	1 179	1.1	-	-
Total revenues	107 903	100.0	90 163	100.0

Expenses

Cost of sales

Cost of sales grew by 15.8% to KZT 68 518 million (59 179).

Selling and marketing expenses

Selling and marketing expenses were up 13.1% to KZT 897 million (793).

General and administrative expenses

General and administrative expenses increased by 1.7% to KZT 7 050 million (6 929).

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 17.7% to KZT 45 664 million (38 804). The EBITDA margin of 42.3 percent (43.0).

Net finance cost decreased by 16.8% to KZT 3 480 million (4 183).

Income tax expense increased by to KZT 7 618 million (4 569).

Net income increased by 23.9% to KZT 19 357 million (15 627). Earnings per share were KZT 96.8 (78.1).

CAPEX increased to KZT 11 865 million (4 708) and the CAPEX-to-sales ratio was 11% (5.2).

Key milestones of the first half of 2022

February

- On 17 February 2022, Kcell Board of Directors recommended AGM to approve an annual dividend payment based on the 2021 results in the amount of KZT 21 500 million, representing 66% of the consolidated net income, or KZT 107.5 per ordinary share.

The dividend amount, the proposed record date of shareholders entitled to receive dividends, and the proposed date of commencement of dividend payment are subject to the AGM's approval.

- On 25 February 2022, Kcell informed of the completion of Phase One and launch of Phase Two of the Nexign Converged BSS installation project.

Currently, the initial configuring of the system has been finalized and it is operating in pilot mode with a limited number of customers. Phase Two will include the adjustment and field-testing of the billing platform as well as on-demand migration and will conclude with the system's commercial commissioning. The remaining phases will focus on the migration of the company's existing subscribers to the new billing system.

The project officially kicked off in April 2021. The operations are expected to conclude by late 2022. It aims to enhance the existing services as well as to introduce completely new ones, which would make the use of new products more convenient for Kcell and its subscribers..

April

Timur Kurmangazievich Naizabekov, Member of the Board of Directors, Independent Director, notified of his resignation from the Board of Directors of Kcell JSC effective 14 April 2022.

- On 15 April 2022, the Board of Directors adopted the following decisions:
 - Termination of the employment agreement of Sevil Gassanova, member of the Management Board, Chief Legal Officer of Kcell JSC, effective from 15

April 2022;

- Election of Azamat Uisumbayev as a member of the Management Board, Chief Corporate Officer of Kcell JSC, effective from 15 April 2022.

May

- On 11 May 2022, the Company announced that Board of Directors has adopted the following decisions as part of measures to improve the Company's performance efficiency and to respond the current strategic challenges:
 - To elect Askhat Uzbekov to the position of Chief Executive Officer, Chairman of the Management Board of Kcell JSC, effective 11 May 2022;
 - To elect Yuri Kharlamov to the position of Chief Operating Officer, Deputy Chairman of the Management Board of Kcell JSC, effective 11 May 2022;
 - To terminate the term of office of Askar Yesserkegenov, member of the Management Board, Chief Technical Officer of Kcell JSC, effective 27 April 2022.
- On 19 May 2022, the AGM was held.

The Agenda of AGM was as following:

- On determination of the composition and term of office of the Kcell JSC Counting Commission and election of its members;
- The approval of Kcell JSC Annual Financial Statements for 2021;
- The approval of the distribution of Kcell JSC net income for the financial year, the decision on the dividend payment on ordinary share and the size of the dividend payout per one ordinary share;
- The election of a new Board of Directors of Kcell JSC;
- The approval of amendments to the Regulations on the Board of Directors of Kcell JSC;
- On approval of amendments to 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;

7. On shareholder requests regarding the performance of Kcell JSC and its executives and results of their consideration.

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

1. To elect the following employees of Kcell JSC to the Counting Commission of Kcell JSC with the term of office until 1 June 2023:

- Irina Martinez – Chairman of the Counting Commission;
- Diana Bratenkova;
- Yelena Logdanidi.

2. To approve the Kcell JSC IFRS Separate and Consolidated Financial Statements for the year ended 31 December 2021.

3. 3.1. The net income of Kcell JSC for 2021 shall not be distributed and no dividend shall be paid on ordinary shares.

- 3.2. To instruct the Board of Directors of Kcell JSC to, by 15 September 2022, submit a proposal on distribution of retained earnings for previous periods, taking into account the Company's performance results for H1 2022.

4. 4.1. On early termination of powers of members of the Board of Directors of Kcell JSC:

- 1) Aleksey Buyanov (independent director);
- 2) Dinara Inkarbekova (independent director);
- 3) Kuanyshbek Esekeyev (representative of shareholder Kazakhtelecom JSC);
- 4) Timur Khudaiberdiev (representative of shareholder Kazakhtelecom JSC);
- 5) Serik Saudabayev (representative of shareholder Kazakhtelecom JSC);
- 6) Jere Calmes (independent director);
- 7) Timur Turlov (representative of shareholder Freedom Finance JSC);

- 8) Ermek Ramazanov (independent director).

- 4.2. The size of the Board of Directors of Kcell JSC to be comprised of 7 members:

- 4.3. To elect the Board of Directors of Kcell JSC including:

- 1) Aleksey Buyanov (independent director);
- 2) Jere Calmes (independent director);
- 3) Pietari Kivikko (independent director);
- 4) Yermek Ramazanov (independent director);
- 5) Alexander Lezgovko (representative of shareholder Kazakhtelecom JSC);
- 6) Aliya Kishkimbayeva (representative of shareholder Kazakhtelecom JSC);
- 7) Timur Turlov (representative of shareholder Freedom Finance JSC).

- 4.4. The term of office of the Board of Directors of Kcell JSC shall be 3 (three) years.

- 4.5. To determine the amount of annual fixed remuneration and annual additional remuneration for the independent directors of Kcell JSC, in accordance with the resolution of the AGM of Kcell JSC dated 29 May 2019 (Minutes #13).

- 4.6. To determine the conditions for payment of remuneration and reimbursement of the independent 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 AGM of Kcell JSC on 29 May 2019.

- 4.7. The Chairman of the Board of Directors of Kcell JSC (after being elected in accordance with clause 47 of the Kcell JSC Charter) shall take the necessary measures in accordance with the established procedure to implement this resolution.

5. To approve amendments to the Regulations on the Board of Directors of Kcell JSC.

6. To approve amendments to the amendments

to 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.

7. To take note of the information on absence of requests from shareholders regarding the performance of Kcell JSC and its executives in 2021.

- At AGM it was decided to postpone the distribution of net income for payment of the 2021 dividends.

This was proposed by a major shareholder of Kcell JSC - Kazakhtelecom JSC, which owns 51% of the shares in Kcell. The country's largest telecom operator referred to the unstable economic situation, currency risks and the need for Kcell JSC to focus on the capex program. The current unstable economic situation in the world had a great impact on the current activities of Kcell JSC. Kcell JSC managed to achieve a rapid recovery of business and continued to demonstrate growth in key financial indicators, but at the same time, it is now impossible to exclude new external risks for the Company.

It was, therefore, proposed to postpone the payment of dividends and instruct the Board of Directors of Kcell JSC to, by 15 September 2022, submit proposals for the distribution of retained earnings for previous periods based on the company's performance in the first half of 2022. It was also proposed that the Company should use the retained funds to invest in new projects, primarily in social ones: providing broadband access in rural areas, building new base stations and other infrastructure, as well

as improvement of service and network quality.

June

- On 23 June 2022, the Board of Directors of the Company adopted the following decisions:
 1. Elect Kirill Strashenko to the position of Chief Technical Officer, member of the Management Board of Kcell JSC. Determine the term of office from 23 June 2022 to 11 May 2023.
 2. Elect Daniyar Ibraev to the position of Chief Security Officer, Member of the Management Board of Kcell JSC. Determine the term of office from 23 June 2022 to 11 May 2023.

Amended composition of the Management Board of Kcell JSC»:

- Askhat Uzbekov - Chairman of the Board, Chief Executive Officer;
- Yuri Kharlamov – Deputy Chairman of the Management Board, Chief Operating Officer;
- Maria Averchenko – Member of the Management Board, Chief Commercial Officer;
- Nurpeissova Dina – Member of the Management Board, Chief Financial Officer;
- Azamat Uysumbaev – Member of the Management Board, Chief Corporate Officer;
- Kirill Strashenko – член Правления, Главный технический директор;
- Ибраев Данияр Кадылханович – член Правления, Главный директор по безопасности.

Financial Calendar

Interim Report January – September 2022

29 October 2022

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 recognised 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	Apr-Jun 2022	Apr-Jun 2021	Chg (%)	Jan-Jun 2022	Jan-Jun 2021	Chg (%)
Revenues	56 390	46 147	22.2	106 724	90 163	18.4
Government subsidy	620	-	100	1 179	-	100
Cost of sales	-36 142	-29 723	21.6	-68 518	-59 179	15.8
Gross profit	20 868	16 424	27.1	39 385	30 984	27.1
Selling and marketing expenses	-460	-502	-8.4	-897	-793	13.1
General and administrative expenses	-3 929	-4 095	-4.1	-7 050	-6 929	1.7
Reversal of tax and related fine	-	683	-100	-	683	-100
Impairment of assets	-1 033	-579	78.4	-1 795	-630	184.9
Other operating income and expenses, net	197	352	-44	-279	738	-137.8
Operating income	15 644	12 283	27.4	29 364	24 053	22.1
Other income and expenses, net	364	138	163.8	208	102	103.9
Finance income and expenses, net	-1 754	-1 960	-10.5	-3 480	-4 183	-16.8
Net forex gain/loss, net	616	53	1 062	883	224	294.2
Profit before income tax	14 870	10 514	41.4	26 975	20 196	33.6
Income tax expense	-4 745	-2 037	132.9	-7 618	-4 569	66.7
Net income	10 125	8 477	19.4	19 357	15 627	23.9
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	10 125	8 477	19.4	19 357	15 627	23.9
Earnings per share (KZT), basic and diluted	50.6	42.4	19.4	96.8	78.1	23.9
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	23 558	20 066	17.4	44 609	39 487	13.0
EBITDA excl. non-recurring items	23 988	19 383	23.8	45 664	38 804	17.7
Depreciation, amortization and impairment losses	-7 550	-7 645	-1.2	-15 037	-15 332	-1.9
Operating income excl. non-recurring items	16 074	11 600	38.6	30 419	23 370	30.2

Condensed Consolidated Statement of Financial Position

KZT in millions	30 Jun 2022	31 Dec 2021
Assets		
Intangible assets	41 518	42 284
Property, plant and equipment	83 292	85 805
Investment property	2 243	-
Advances paid for non-current assets	398	1 930
Right to use assets	17 228	16 943
Costs of obtaining contracts	499	472
Deferred tax assets	1 334	1 720
Long-term receivables	7 063	4 148
Total non-current assets	153 575	153 302
Inventories	10 296	6 582
Trade and other receivables	23 131	17 751
Other current financial assets	1 238	538
Other current assets	6 058	10 141
Cash and cash equivalents	45 403	51 402
Total current assets	86 126	86 414
Total assets	239 701	239 716
Equity and liabilities		
Share capital	33 800	33 800
Additional paid-in capital	1 260	1 260
Retained earnings	82 568	63 211
Total equity	117 628	98 271
Long-term borrowings	46 468	48 283
Long-term lease liabilities	15 108	15 185
Government subsidies: non-current portion	7 743	5 688
Other long-term liabilities	4 209	4 204
Total non-current liabilities	73 528	73 360
Short-term borrowings	11 859	11 699
Trade payables and other current liabilities	18 954	43 869
Government subsidies: current portion	2 237	2 237
Financial guarantees	235	330
Short-term lease liabilities	5 251	4 944
Contractual liabilities	4 120	3 207
Other taxes payable	1 860	712
Income tax payable	4 029	1 087
Total current liabilities	48 545	68 085
Total equity and liabilities	239 701	239 716

Condensed Consolidated Statement of Cash Flows

KZT in millions	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Cash flow before change in working capital	24 406	19 914	45 814	39 323
Change in working capital	-7 654	10 325	-22 170	1 292
Cash flow from operating activities	16 752	30 239	23 644	40 615
Cash CAPEX	-3 289	-7 139	-26 112	-19 001
Free cash flow	13 463	23 100	-2 468	21 614
Proceeds from financial assets (net)	58	-3 973	58	8 712
Cash flow from financing activities	-1 256	-16 631	-4 472	-31 414
Cash flow for the period	12 265	2 496	-6 882	-1 088
Cash and cash equivalents, opening balance	32 520	19 536	51 402	23 023
Cash flow for the period	12 265	2 496	-6 882	-1 088
Exchange rate difference	618	120	883	217
Cash and cash equivalents, closing balance	45 403	22 152	45 403	22 152

Condensed Consolidated Statement of Changes in Equity

KZT in millions	Jan-Jun 2022				Jan-Jun 2021		
	Share capital	Retained earnings	Additional capital	Total equity	Share capital	Retained earnings	Total equity
Opening balance	33 800	63 211	1 260	98 271	33 800	48 283	82 083
Dividends	-	-	-	-	-	-17 578	-17 578
Total comprehensive income	-	19 357	-	19 357	-	15 627	15 627
Closing balance	33 800	82 568	1 260	117 628	33 800	46 332	80 132

Basis of preparation

The interim condensed consolidated financial statements for the first half and second quarter ended 30 June 2022 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 financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at 31 December 2021 and for the year then ended.

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

Non-recurring items

KZT in millions	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
Within EBITDA				
Non-recurring items	430	-683	1 055	-683
Total	430	-683	1 055	-683

Investments

KZT in millions	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
CAPEX				
Intangible assets	3 581	754	4 719	819
Property, plant and equipment	4 087	1 168	7 146	3 889
Total	7 668	1 922	11 865	4 708

Related party transactions

During the six-months' period ended 30 June 2022, Kcell purchased services for KZT 12 818 million and sold services for a value of KZT 7 314 million. Related parties in these transactions were mainly Kazakhtelecom JSC and its group entities.

Net debt

KZT in millions	30 Jun 2022	31 Dec 2021
Long-term and short-term borrowings	58 327	59 982
Less short-term investments, cash and bank	-45 403	- 51 402
Net debt*	12 924	8 580

* excluding lease liabilities under IFRS 16

Financial key ratios

	30 Jun 2022	31 Dec 2021
Return on equity (% , rolling 12 months)	33.6	33.1
Return on capital employed (% , rolling 12 months)	29.8	29.7
Equity/assets ratio (%)	49.1	41.0
Net debt/equity ratio (%)	12.0	8.7
Net debt/EBITDA rate (multiple, rolling 12 months)*	0.14	0.10
Owners' equity per share (KZT)	588.1	491.4

* excluding lease liabilities under IFRS 16

Operational data

	Apr-Jun 2022	Apr-Jun 2021	Chg (%)	Jan-Jun 2022	Jan-Jun 2021	Chg (%)
Subscribers, period-end (thousands)	7 986	8 028	-0.5	7 986	8 028	-0.5
Of which prepaid	6 987	7 038	-0.7	6 987	7 038	-0.7
MOU (min/month)	191	210	-8.9	199	209	-4.9
ARPU (KZT)	1 557	1 452	7.2	1 504	1 409	6.7
Churn rate (%)	21,9	37,4	-15.5pp	22,3	34,1	-11.8pp
Employees, period-end	2 193	2 164	1.3	2 193	2 164	1.3

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.