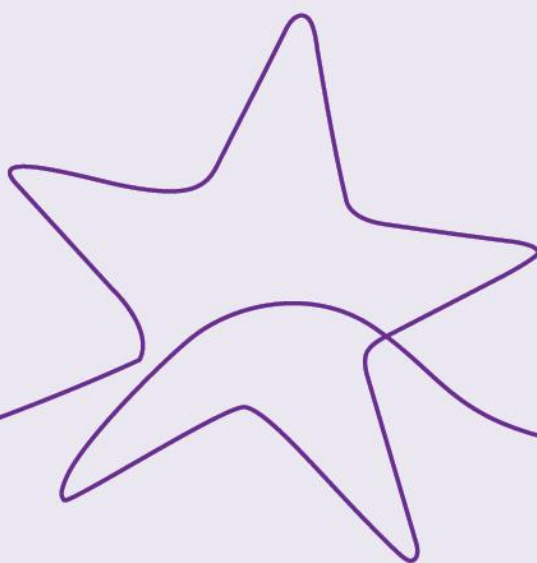


Kcell

Q1 2021

Financial results



Kcell JSC Results for January – March 2021

Almaty, 30 April 2021 – Kcell Joint Stock Company (“Kcell” or the “Company”) (LSE, KASE: KCEL; AIX: KCEL, KCEL.Y), the leading provider of mobile telecommunications services in Kazakhstan, announces its interim results for January – March 2021.

First quarter

- Net sales increased by 9.9 percent to KZT 44,016 million (40,062). Service revenue up 3.4 percent to KZT 35,802 million (34,620); service revenue excluding off-net bulk sms up 7.6 percent.
- EBITDA, excluding non-recurring items, increased by 21.3 percent to KZT 19,421 million (16,007). The EBITDA margin grew to 44.1 percent (40.0).
- Operating income, excluding non-recurring items, grew by 44.4 percent to KZT 11,770 million (8,149).
- Net finance cost decreased by 6.4 percent to KZT 2,223 million (2,374).
- Net income grew by 33.8 percent to KZT 7,150 million (5,343).
- CAPEX-to-sales ratio of 6.3 percent (6.5).
- Free cash flow decreased to KZT - 1,486 million (3,211).
- The subscriber base increased to 8,053 thousand (7,992).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Jan-Mar 2021	Jan-Mar 2020	Chg (%)	Jan-Dec 2020
Revenue	44,016	40,062	9.9	174,684
<i>of which service revenue</i>	35,802	34,620	3.4	140,049
EBITDA excl. non-recurring items	19,421	16,007	21.3	72,147
<i>Margin (%)</i>	44.1	40.0		41.3
Operating income	11,770	8,254	42.6	32,826
Operating income excl. non-recurring items	11,770	8,149	44.4	41,283
Net income attributable to owners of the parent company	7,150	5,343	33.8	17,578
Earnings per share (KZT)	35.8	26.7	33.8	87.9
CAPEX-to-sales (%)	6.3	6.5		15.4
Free cash flow	(1,486)	3,211	(146.3)	28,705

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the first quarter of 2020, unless otherwise stated.

Comments by Yuri Kharlamov, Chairman of the Management Board, CEO

“We have maintained strong momentum into 2021, with notable growth in our key financial and operational metrics, demonstrating the resilience of our business as the COVID-19 pandemic continues to impact economic activity in Kazakhstan and across the world.

In the first quarter, our total revenue increased by 9.9 percent, with service revenue rising 3.4 percent, driven by our service quality and attractive product offer, which features innovative tariffs and OTT and mobile financial services products.

ARPU increased by 4.5 percent, supported by an improvement in the quality of our subscriber base, as more subscribers are switching to new offers with enhanced content. In the first quarter of 2021, our subscriber base stabilized, with the total number of subscriptions increasing by 1 percent to 8,053 thousand.

Demand for handsets has remained strong and sales were up 50.9 percent in the first quarter of the year, supported by sales of new flagship phones from Apple and Samsung, as well as strong sales through online sales channels. Mobile financial services (MFS) revenue grew 200 percent compared to the first quarter of 2020, whilst other key drivers of revenue growth included new services such as gaming, cash back for payments in public transport and utilities payments.

First quarter EBITDA, excluding non-recurring items, showed a notable 21.3 percent increase, on the back of strong revenue growth and our ongoing efforts to optimise costs.

In 2021, we have maintained the provision of key services to our customers and the wider society of Kazakhstan, facilitating the continuation of business, education and vital channels of communication as the effects of the pandemic continue to reverberate across our economy and society.



In the reporting quarter, we practically completed the first stage of the implementation of the project for integrating networks with the group of companies Kazakhtelecom JSC. At the end of the first quarter of 2021, 2,201 sites were merged in 37 cities across Kazakhstan.

We have made significant progress in the 250+ project, which aims to bring access to high-speed Internet to villages with 250+ population. At the end of the first quarter of 2021, 639 sites were launched, covering 639 settlements.

On 24 February, the Board announced its intention to cancel the listing of Kcell's Global Depositary Receipts (GDR) on the London Stock Exchange (LSE) and the Astana International Exchange (AIX) and the cancellation of the GDR programme. This decision was taken in order to improve liquidity levels and trading patterns. The Board also determined that the Company's costs and management effort required to maintain the GDR programme on the LSE and AIX could not be justified in light of the low levels of trading on these exchanges.

The decision was ratified by shareholders on 9 April, and on 14 April Kcell formally announced that its GDR programme will terminate on 12 June 2021. After the termination of the GDR programme, the Company's ordinary shares will continue to be traded on the Kazakhstan Stock Exchange (KASE) and AIX.

Kcell remains committed to maintaining the high standards of corporate governance and best practice across all operations that have been embedded throughout the Company.

We have refreshed the senior team at Kcell with the appointment of two new Board directors and three Management Board directors and I look forward to working alongside them to execute our strategy in 2021.

We have also taken further steps in April to improve our operational effectiveness through an agreement with Nexign JSC to implement the Nexign Converged Business Support System billing platform. This will enable Kcell to introduce a unified billing system, optimise operational costs, accelerate time-to-market for Company's products and provide opportunities for monetising new products and services.

The Board of Directors in April proposed an annual dividend payment for 2020 of KZT 87.89 per ordinary share or GDR, representing 100 percent of consolidated 2020 net income.

As 2021 progresses, the Kcell team is demonstrating sustained commitment and dedication to driving strong financial and operational outcomes to benefit our customers and shareholders. We are committed to delivering value for all our stakeholders and remain confident in our outlook for 2021 for high single-digit growth in both revenue and EBITDA in 2021.”

Almaty

30 April 2021

Review of the first quarter 2021

Net sales

Net sales increased by 9.9 percent to KZT 44,016 million (40,062). Service revenue up 3.4 percent to KZT 35,802 million (34,620); service revenue excluding off-net bulk sms up 7.6 percent.

Voice and other services

Revenue from voice and other services decreased by 6.7 percent to KZT 17,987 million (19,279).

Enterprise revenue excluding off-net bulk sms increased by 4.7 percent to KZT 4,103 million (3,919).

Data service revenue

Data revenue increased by 14.2 percent to KZT 15,747 million (13,787). Data traffic increased by 46.5 percent to 148.4 petabyte (PB) (101.2).

Value-added service revenue

Revenue from value-added services was up 33.1 percent to KZT 2,068 million (1,554).

Handset sales

Handset sales increased by 50.9 percent to KZT 8,214 million (5,442).

KZT in millions, except percentages	Jan-Mar 2021	% of total	Jan-Mar 2020	% of total
Voice and other services	17,987	40.9	19,279	48.1
Data services	15,747	35.8	13,787	34.4
Value added services	2,068	4.7	1,554	3.9
Handset sales	8,214	18.7	5,442	13.6
Total revenues	44,016	100.0	40,062	100.0

EXPENSES

Cost of sales

Cost of sales up by 3.5 percent to KZT 29,456 million (28,453), mainly due to an increase in sales of devices.

Selling and marketing expenses

Selling and marketing expenses decreased by 62.3 percent to KZT 291 million (772).

General and administrative expenses

General and administrative expenses increased by 29.5 percent to KZT 2,834 million (2,189), mainly due to an increase in headcount.

EARNINGS, FINANCIAL POSITION AND CASH FLOW

EBITDA, excluding non-recurring items, increased by 21.3 percent to KZT 19,421 million (16,007). The EBITDA margin up to 44.1 percent (40.0).

Net finance cost decreased by 6.4 percent to KZT 2,223 million (2,374).

Income tax expense increased by 8.4 percent to KZT 2,532 million (2,335).

Net income increased by 33.8 percent to KZT 7,150 million (5,343).

CAPEX increased to KZT 2,786 million (2,604) with the CAPEX-to-sales ratio of 6.3 percent (6.5).

Free cash flow decreased to KZT - 1,486 million (3,211).

Key milestones for the first quarter of 2021

January

- On 6 January 2021, the Company received a loan from Alfa-Bank in the amount of KZT 12 billion with an interest rate of 10.7 percent per annum and a three-year maturity (before 5 January 2024).
- On 8 January 2021, the Company partially repaid the loan received from the Eurasian Development Bank in the amount of KZT 12 billion.
- On 26 January 2021, the Company made a principal and coupon payment on bonds (ISIN KZ2C00004208). On the record date of 15 January 2021, 21,754 thousand bonds with a face value of KZT 1,000 each were placed with a coupon rate of 11.5 percent. The total amount of the principal payment amounted to KZT 21,754 million. The total amount of the coupon payment amounted to KZT 1,251 million.
The payment was made in accordance with the terms and conditions of the Company's Prospectus for the Bond Issue Programme.

February

- At the meeting of the Board of Directors held on 6 February 2021, Yuri Kharlamov was appointed the Company's CEO with immediate effect.
- On 26 February 2021, the Company had its Extraordinary General Meeting of Shareholders (EGM).

The EGM agenda included the following:

- Election of members of the Company's Board of Directors.

EGM unanimously adopted the following decisions:

1.1 To elect Serik Saudabayev, representative of shareholder Kazakhtelecom JSC, to the existing Kcell JSC Board of Directors.

1.1.1 To set the term of office for Serik Saudabayev, representative of shareholder Kazakhtelecom JSC, effective the date of election and until expiration of the term of office of the current composition of Kcell JSC Board of Directors set forth by the Extraordinary General Meeting of Shareholders on 25 January 2019 (Minutes#12).

1.2 To elect Timur Khudaiberdiyev, representative of shareholder Kazakhtelecom JSC, to the existing Kcell JSC Board of

Directors.

1.2.1 To set the term of office for Timur Khudaiberdiyev, representative of shareholder Kazakhtelecom JSC, effective the date of election and until expiration of the term of office of the current composition of Kcell JSC Board of Directors set forth by the Extraordinary General Meeting of Shareholders on 25 January 2019 (Minutes#12).

The Company's Board of Directors consisting of the following members:

- Alexey Buyanov (Independent Director, Chairman);
- Rashit Makhat (Independent Director);
- Dinara Inkarbekova (Independent Director);
- Vladimir Popov (Independent Director);
- Jere Calmes (Independent Director);
- Kuanyshbek Yessekeyev (representative of shareholder Kazakhtelecom JSC);
- Timur Turlov (representative of shareholder Freedom Finance JSC);
- Serik Saudabayev (representative of shareholder Kazakhtelecom JSC);
- Timur Khudaiberdiyev (representative of shareholder Kazakhtelecom JSC).

Significant events following the end of the reporting period

April

- On 1 April 2021, the Company notified that an additional agreement has been concluded with Subsidiary JSC VTB Bank (Kazakhstan) to increase the amount of the existing credit line from KZT 6 billion to KZT 7 billion, with a credit line maturity on 15 October 2023 and an interest rate of 10.7 percent per annum.
- On 9 April 2021, the EGM of the Company was held. The EGM agenda included the following:
 - On approval of termination of the GDR programme, delisting of securities and termination of the Deposit Agreement.

EGM adopted the following decisions by a majority of votes:

1. To approve:

- 1) termination of the GDR programme of Kcell JSC for the purpose of removing GDRs from the Official List of the Financial Conduct Authority of the United Kingdom and delisting from the LSE and the AIX;
- 2) voluntary delisting of Kcell's GDRs from the LSE and AIX;
- 3) termination of the Deposit Agreement between Kcell JSC and Deutsche Bank Trust Company Americas on global depository receipts for ordinary shares of Kcell Joint Stock Company dated 23 October 2012, including amendment thereto dated 17 December 2017 (Deposit Agreement).

2. To instruct Kcell JSC Board of Directors duly adopt the necessary decisions concerning termination of the Deposit Agreement, completion of the procedures for delisting of Kcell's GDRs from the London Stock Exchange (LSE) and the Astana International Financial Center (AIX), interaction between Kcell JSC and GDR holders as part of the termination of the GDR programme, including in relation to the exchange of GDRs for shares of Kcell JSC and (or) repurchase of shares, at the request of Kcell JSC shareholders in connection with this decision, on the grounds and in the manner prescribed by the legislation of the Republic of Kazakhstan and Kcell JSC Charter.

In accordance with the Company's circular issued on 25 February 2021 (Circular), the Company's shareholders and GDR holders have 30 calendar days from 9 April 2021 to exercise their right to require the Company to purchase their common shares in the capital of the Company or the GDRs in connection with the decisions adopted by the EGM and on the grounds and in the manner prescribed by the legislation of the Republic of Kazakhstan and the Company's charter (Put Option Right). The Put Option Right allows the shareholders and/or GDR holders to request that the Company repurchases their shares and/or GDRs at a price determined in accordance with the Share Valuation

Methodology.

The Company's ordinary shares will remain listed on the KASE and AIX following the cancellation of the listing of the GDRs on the Official List and from trading on the LSE and the cancellation of the listing and trading of the GDRs on the AIX.

- On 9 April 2021, the Company's Board of Directors approved the following:
 1. Acceptance of the termination of the employment agreement of Sergey Yeltsov, member of the Management Board, Chief Legal Officer of Kcell JSC, effective from 16 April 2021 at the initiative of the employee;
 2. Election of Sevil Gassanova as a member of the Management Board, Chief Legal Officer of Kcell JSC, from 19 April 2021 to 1 July 2022;
 3. Election of Maria Averchenko as a member of the Management Board, Chief Commercial Director of Kcell JSC, from 9 April 2021 to 1 July 2022;
 4. Election of Alexey Bobrov as a member of the Management Board, Chief Financial Officer of Kcell JSC from 9 April 2021 to 1 July 2022.

The new composition of the Management Board of Kcell JSC:

- Yuri Kharlamov – Chairman of the Management Board, Chief Executive Officer; term of office until 6 February 2022;
- Askar Yesserkegenov – member of the Management Board, Chief Technical Officer; term of office until 31 July 2021;
- Sevil Gassanova – member of the Management Board, Chief Legal Officer; term of office from 19 April 2021 to 1 July 2022;
- Maria Averchenko – member of the Management Board, Chief Commercial Officer; term of office from 9 April 2021 to 1 July 2022;
- Alexey Bobrov - member of the Management Board, Chief Financial Officer; term of office from 9 April 2021 to 1 July 2022.

- The Board of Directors recommended the Annual General Meeting of Shareholders (AGM) to approve an annual dividend payment based on the 2020 results in the amount of KZT 17,578 million, representing 100 percent of the consolidated net income, or KZT 87.89 per ordinary share or GDR.

The proposed record date for shareholders entitled to receive the dividends is the first business day following the date of the Company's AGM (00:00 Almaty time). The proposed date for the dividend payment is the first business day after the date of compiling a list of shareholders entitled to receive dividends; and within 30 days from the proposed dividend payment date.

The proposed procedure for payment of dividends is a one-off payment. The payment of dividends on ordinary shares will be made through the paying agent - Central Securities Depository JSC, while Kcell will make payments on GDRs by transferring funds directly to holders' bank accounts.

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.

- The Board of Directors has decided to convene the Annual General Meeting of Shareholders of Kcell JSC ("AGM") on 24 May 2021 at 15:00 (Almaty time) at the following address: 51, Alimzhanov street, Almaty, Republic of Kazakhstan. The AGM will be held in person with registration starting at 14:00 (Almaty time).

In the event that the AGM does not take place on the above date, it will be rescheduled for 28 May 2021 at 15:00 (Almaty time).

Shareholders registered by the Central Securities Depository as shareholders in the registrar of holders of shares as of 30 April 2021 (00:00 Almaty time) are entitled to attend the AGM.

To register, participants will need to provide their identity documents and trustees are required to present a power of attorney to participate in the meeting with the right to vote.

Proposed agenda of the Annual General Meeting of Shareholders:

- Approval of Kcell JSC Annual Financial Statements for 2020;
- 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;
- Approval of the Corporate Governance Code of Kcell JSC in the new edition;
- On shareholder requests regarding the performance of Kcell JSC and its executives and results of their consideration.

- On 13 April 2021, the Company:

- entered into a deed of variation changing the notice period for the termination of the deposit agreement between Deutsche Bank Trust Company Americas (acting as depositary of the GDR (Depositary) and the Company dated 23 October 2012, as previously amended (Deposit Agreement) from 90 days' to 60 days' notice; and
- gave notice to the Depositary of the termination of the Deposit Agreement. The notice is due to expire on 12 June 2021.

The Company notes that the Depositary was obliged to, under the terms of the Deposit Agreement (as varied), also on 13 April 2021, give notice to the Company's GDR holders that the Deposit Agreement and the GDR programme would terminate on 12 June 2021 (Termination Date).

The Company understands that the notice given by the Depositary to the GDR holders would indicate that, during the period prior to the Termination Date, GDR holders may opt for cancellation of their GDRs and receipt of the underlying ordinary shares in the Company, as provided for in the Deposit Agreement. The GDR holders may also instruct the Depositary to sell the underlying ordinary shares before the Termination Date.

The ordinary shares of the Company will continue to be listed on the KASE and AIX following the termination of the Deposit Agreement and the GDR programme.

If any GDRs remain outstanding after the Termination Date, as would be indicated in the notice by the Depositary, they will automatically convert into ordinary shares in the Company. The Depositary will sell such ordinary shares and distribute the net proceeds of such sale to those relevant former GDR holders who have not chosen to receive the ordinary shares underlying their GDRs prior to the Termination Date.

GDR holders are also reminded of the Put Option Right as announced by the Company on 12 April 2021 (announcement). In accordance with the Put Option Right, the Company's shareholders and holders of its GDRs have 30 calendar days from 9 April 2021 to exercise their right to require the Company to purchase their ordinary shares in the capital of the Company, provided that the Company's aggregate expenses for such repurchase do not exceed 10 percent of its equity capital.

As a gesture of goodwill, the Company has agreed to reimburse to those GDR holders, who choose to convert their GDRs into ordinary shares in the Company before the Termination Date, the cost of the Depositary's commission for such conversion.

Detailed guidelines in respect of the procedure for the conversion of GDRs and/or the sale of underlying ordinary shares as well as details of a local accredited broker in Kazakhstan are set out in the following web page (procedure). Such local accredited broker or any other broker in Kazakhstan may be approached by the GDR holders to assist with the holding and trading of the underlying ordinary shares on KASE.

The Company also notes that, due to the agreed change in the period of the notice given to the Depositary for the termination of the Deposit Agreement from 90 to 60 calendar days, the dates of the remaining events in the indicative timetable included in Part II of the Company's Circular dated 25 February 2021 (circular) will now be as follows:

- Depositary Programme Termination - 12 June 2021;
- Last day of dealings in the GDRs on the

LSE and the AIX - 14 June 2021;

- Cancellation of the admission of the GDRs to the Official List and to trading on the LSE and on the AIX - 14 June 2021.

Notes:

- The dates are based on the Company's current expectations and may be subject to change;
- Any changes to the timetable set out above will be announced via a Regulatory Information Service;
- Any other references to the dates of such events in the Circular are deemed to be amended accordingly;
- Any questions for the Depositary in relation to the exercise of GDR holders' rights should be directed to Deutsche Bank Trust Company Americas, 60 Wall Street, New York, NY 10005, United States of America, telephone: +1 212-250-9100 and email: adr@db.com
- On 13 April 2021, the Company signed an agreement with Nexign JSC (part of ICS Holding), a leading Business Support System (BSS) and Internet of Things (IoT) solutions provider, for the provision of the Nexign Converged BSS billing platform.

The agreement is aimed at introducing a converged digital billing platform and transitioning to a unified billing system for servicing Kcell subscribers, including real time billing. The digital billing platform is a consolidated solution that supports the main business processes such as charging, billing, sales and services, as well as customer management.

The introduction of the digital billing platform in cooperation with Nexign will allow Kcell to optimise operational costs associated with operating multiple billing systems, accelerate time-to-market for Company's products, as well as provide opportunities for monetising new products and services. The modernisation and consolidation of systems will also help expand the self-service capabilities by 20-30 percent, which will, in turn, reduce the load on contact centres and customer service offices.

Financial statements for January - March 2021 have been reviewed by the external auditors and their report will be available on the Kcell website after 15 May 2021.

The information was submitted for publication at 09:00 ALMT on 30 April 2021.

Financial Calendar

Interim Report January – June 2021	30 July 2021
Interim Report January – September 2021	29 October 2021

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	Jan-Mar 2021	Jan-Mar 2020	Chg (%)	Jan-Dec 2020
Revenues	44,016	40,062	9.9	174,684
Cost of sales	(29,456)	(28,453)	3.5	(119,133)
Gross profit	14,560	11,609	25.4	55,551
Selling and marketing expenses	(291)	(772)	(62.3)	(1,965)
General and administrative expenses	(2,834)	(2,189)	29.5	(10,426)
Reserve on contract liabilities	-	-		(4,386)
Reversal of tax and related fine	-	480		684
Impairment of assets	(51)	(874)	(94.2)	(6,775)
Other operating income and expenses, net	386	-		143
Operating income	11,770	8,254	42.6	32,826
Other income and expenses, net	44	320	(86.3)	62
Finance income and expenses, net	(2,223)	(2,374)	(6.4)	(9,453)
Net forex gain/loss	91	1,478	(93.8)	1,186
Profit/loss before income tax	9,682	7,678	26.1	24,622
Income tax expense	(2,532)	(2,335)	8.4	(7,044)
Net income	7,150	5,343	33.8	17,578
Other comprehensive income				
Total comprehensive income/loss attributable to owners of the parent company	7,150	5,343	33.8	17,578
Earnings per share (KZT), basic and diluted	35.8	26.8	33.8	87.9
Number of shares (thousands)				
Outstanding at period-end	200,000	200,000		200,000
Weighted average, basic and diluted	200,000	200,000		200,000
EBITDA	19,421	16,112	20.5	63,690
EBITDA excl. non-recurring items	19,421	16,007	21.3	72,147
Depreciation, amortization and impairment losses	(7,607)	(7,538)	0.9	(30,802)
Operating income excl. non-recurring items	11,770	8,149	44.4	41,283

Condensed Consolidated Statement of Financial Position

KZT in millions	31 Mar 2021	31 Dec 2020
Assets		
Intangible assets	37,167	39,730
Property, plant and equipment	76,579	78,109
Advances paid for non-current assets	329	293
Right to use assets	19,664	20,804
Other non-current assets	198	185
Deferred tax assets	1,808	1,937
Long-term receivables	1,480	2,421
Total non-current assets	137,225	143,479
Inventories	9,787	9,362
Trade and other receivables		
	20,762	17,823
Other current financial assets	580	245
Other current assets	4,713	3,876
Cash and cash equivalents	19,536	23,023
Investments held for maturity Investments held for maturity	5,970	18,923
Total current assets	61,348	73,252
Total assets	198,573	216,731
Equity and liabilities		
Share capital	33,800	33,800
Retained earnings	55,433	48,283
Total equity attributable to owners of the parent company	89,233	82,083
Long-term borrowings	58,222	49,933
Long-term lease liabilities	18,305	19,447
Other long-term liabilities	3,779	4,007
Financial guarantees	505	563
Total non-current liabilities	80,811	73,950
Short-term borrowings	794	23,354
Trade payables and other current liabilities	20,875	30,546
Short-term lease liabilities	4,330	4,219
Deferred revenues	1,903	1,978
Income tax and other taxes payables	627	601
Total current liabilities	28,529	60,698
Total equity and liabilities	198,573	216,731

Condensed Consolidated Statement of Cash Flows

KZT in millions	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Cash flow before change in working capital	19,409	16,615	75,083
Change in working capital	(9,033)	(5,331)	(22,823)
Cash flow from operating activities	10,376	11,284	52,260
Cash CAPEX	(11,862)	(8,073)	(23,555)
Free cash flow	(1,486)	3,211	28,705
Proceeds from financial assets (net)	12,685	-	(13,067)
Cash flow from financing activities	(14,783)	(1,405)	(1,888)
Cash flow for the period	(3,584)	1,806	13,750
Cash and cash equivalents, opening balance	23,023	8,825	8,825
Cash flow for the period	(3,584)	1,806	13,750
Exchange rate difference	97	569	448
Cash and cash equivalents, closing balance	19,536	11,200	23,023

Condensed Consolidated Statement of Changes in Equity

KZT in millions	Jan-Mar 2021			Jan-Mar 2020		
	Share capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
Opening balance	33,800	48,283	82,083	33,800	37,510	71,310
Dividends	-	-	-	-	-	-
Total comprehensive income	-	7,150	7,150	-	5,343	5,343
Closing balance	33,800	55,433	89,233	33,800	42,853	76,653

Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2021 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 2020 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	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Within EBITDA			
Non-recurring items	-	-105	8,457
Total	-	-105	8,457

Investments

KZT in millions	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
CAPEX			
Intangible assets	65	548	12,392
Property, plant and equipment	2,721	2,056	14,450
Total	2,786	2,604	26,842

Related party transactions

In the first quarter ended 31 March 2021, Kcell purchased services for KZT 5,463 million and sold services for a value of KZT 3,404 million. Related parties in these transactions were mainly Kazakhtelecom JSC and its group entities.

Net debt

KZT in millions	31 Mar 2021	31 Dec 2020
Long-term and short-term borrowings	59,016	73,288
Less short-term investments, cash and bank	(19,536)	(23,023)
Net debt*	39,480	50,265

* excluding lease liabilities under IFRS 16

Financial key ratios

	31 Mar 2021	31 Dec 2020
Return on equity (% , rolling 12 months)	22.6	21.4
Return on capital employed (% , rolling 12 months)	21.1	21.8
Equity/assets ratio (%)	44.9	37.9
Net debt/equity ratio (%)	44.2	61.2
Net debt/EBITDA rate (multiple, rolling 12 months)*	0.52	0.70
Owners' equity per share (KZT)	446.2	410.4

* excluding lease liabilities under IFRS 16

Operational data

	Jan-Mar 2021	Jan-Mar 2020	Chg (%)	Jan-Dec 2020
Subscribers, period-end (thousands)	8,053	7,992	0.8	8,055
Of which prepaid	7,068	7,025	0.6	7,061
MOU (min/month)	208	222	(6.3)	230
ARPU (KZT)	1,482	1,419	4.5	1,457
Churn rate (%)	30.8	42.4	(11.6)pp	34.1
Employees, period-end	2,228	2,062	8.1	2,249

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.