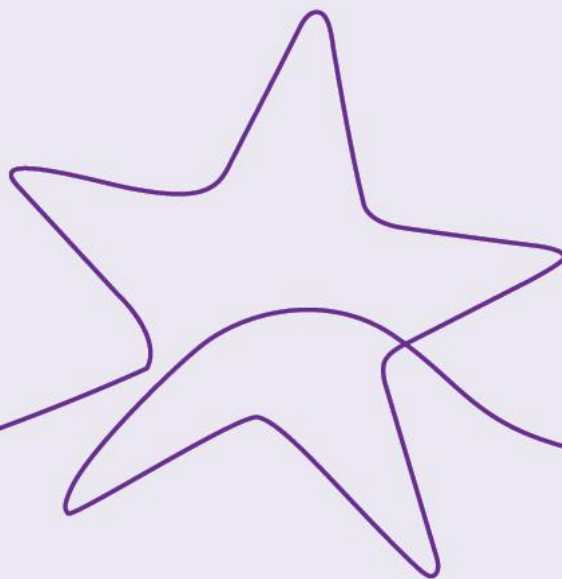


Kcell

Kcell JSC

Results for January- December 2021



Kcell JSC

Financial Results for January - December 2021

Almaty, February 21, 2022 – 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 2021

Fourth quarter

- Net sales increased by 13.4% to KZT 55 781 million (49 168). Service revenue increased by 9.7% to KZT 40 513 million (36 927).
- EBITDA, excluding non-recurring items, increased by 7.8% to KZT 20 768 million (19 269), with EBITDA margin of 37.2% (39.2).
- Operating income, excluding non-recurring items, increased by 30.1% to KZT 15 094 million (11 605).
- Net finance cost decreased by 9.7% to KZT 2 056 million (2 277).
- Net income increased to KZT 7 553 million (loss 84).
- CAPEX-to-sales ratio at 47.7% (40.0).
- Free cash flow decreased by 35.4% to KZT 3 848 million (5 960).

12 months

- Net sales increased by 12.3% to KZT 196 189 million (174 684). Service revenue increased by 10.7% to KZT 155 054 million (140 049).
- EBITDA, excluding non-recurring items, increased by 14.1% to KZT 82 340 million (72 147). EBITDA margin increased to 42.0% (41.3).
- Operating income, excluding non-recurring items, increased by 25.1% to KZT 51 338 million (41 023).
- Net finance cost decreased by 17.9% to KZT 7 765 million (9 453).
- Net income increased by 84.9% to KZT 32 506 million (17 578).
- CAPEX-to-sales ratio at 19.4% (15.4).
- Free cash flow increased by 48.6% to KZT 42 895 million (28 865).
- Total subscriptions at 7 961 thousand users (8 055).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Q4 2021	Q4 2020	Chg (%)	12 months 2021	12 months 2020	Chg (%)
Net sales	55 781	49 168	13.4	196 189	174 684	12.3
<i>of which service revenue</i>	40 513	36 927	9.7	155 054	140 049	10.7
EBITDA excl. non-recurring items	20 768	19 269	7.8	82 340	72 147	14.1
<i>Margin (%)</i>	37.2	39.2	<i>(1.8)pp</i>	42.0	41.3	<i>0.7pp</i>
Operating income	13 558	4 122	228.9	50 485	32 826	53.8
Operating income excl. non-recurring items	15 094	11 605	30.1	51 338	41 023	25.1
Net income	7 553	(84)		32 506	17 578	84.9
Earnings per share (KZT)	37.8	(0.4)		162.5	87.9	84.9
CAPEX-to-sales (%)	47.7	40.0	<i>9.6pp</i>	19.4	15.4	<i>4.0pp</i>
Free cash flow	3 848	5 960	<i>(35.4)</i>	42 895	28 865	48.6

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 2020, unless otherwise stated.

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



“Together with the entire country, we have lived through the tragic events of January 2022, which will remain in everyone’s memory for a long time. Our customer service outlets and offices have also been attacked. However, we have been able to do everything possible to ensure that our customers stay in touch with their family and friends. Since the imposition of a state of emergency, the Kcell team has been working around the clock to quickly respond to the new developments and provide interrupted service to our subscribers. All our infrastructure and services were restored within a short period of time to support our customers in this difficult period.

The January events showed that our main focus on investing in people and building the right culture within the Company has laid a solid foundation that enables us to withstand even the most insurmountable circumstances. I am sure that sticking to this approach has enabled Kcell to deliver strong financial and operational results in 2021. We started the year 2021 with the implementation of our transformation project and a new five-year strategy. The high financial and operational performance indicators delivered in 2021 proved that we are moving in the right direction and set the right strategic priorities. In the fourth quarter, we maintained a positive trend in our operating and financial results, despite external challenges. Our total revenue grew by 13.4% quarter-on-quarter, service revenue – by 9.7%. The year-on-year total revenue growth was 12.3%, service revenue - 10.7%.

The growth in total revenue, among other things, was due to the recognition of government subsidies of KZT 2,108 million within the frames of the “250+” national project. 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.

The mobile financial services (MFS) revenue increased by 49% quarter-on-quarter. In Q4 we launched the first full-fledged Neobank in Kazakhstan. In 2021, we reached a record level in the volume of mobile payments in the entire MFS history since 2016.

Our OGO Bonus program was appreciated by over 80 000 subscribers who actively participate in the program. In just one year, we managed to catch up with a five-year gap from competition in this market segment.

Despite of the global smartphone market shrink and supply chain constraints, we once again achieved strong device revenue growth of 7.5% in Q4 and 12.7% in full year of 2021.

Thanks to strong revenue growth coupled with our ongoing cost optimization efforts, EBITDA excluding non-recurring items has increased by 14.1% during the year and by 7.8% in the 4th quarter.

In 2021, free cash flow increased by 48.6% to KZT 42 895 million. The generated cash flow will be used to finance our capital-intensive projects, investments in infrastructure and technology improvement. We have also improved the terms of our debt portfolio in 2021 by entering into a KZT 60 500 million Master Loan Agreement with First Heartland Jusan Bank JSC.

One of the most remarkable events for us was the successful launch of the first full-fledged 5G network in Turkestan, which covers the entire city of Turkestan. We also actively work to bridge the digital divide between urban and rural communities. In 2021, as part of the 250+ nationwide project, Kcell did a great deal of work to expand broadband access and improve coverage quality in remote rural areas of Kazakhstan. We are especially proud of this project, as we believe that it will change the lives of people there forever and become a driver for powerful economic growth. This is an important social project implemented in the interests of the

rural population of Kazakhstan. Furthermore, this project is in line with our five-year development strategy – to become a fully digital operator. With this in mind, we worked with full dedication and exceeded our obligations related to the deployment of base stations in remote communities across the country. I am sure this project will be a significant contribution to the development of the country's economy. The successful implementation of the 250+ project was possible thanks to the government support, as well as Kazakhtelecom. In total, in 2020 and 2021, Kcell provided broadband access in 671 rural settlements in Kazakhstan with a population of over 250 people each.

We are making good progress in implementing other plans as per our strategy - we have significantly grown our cNPS to 35%. Behind this figure is a lot of work we have done to improve the quality and expand the range of services to ensure excellent customer experience, as well as significant investments in network development.

We have set a course for positive change and will continue to improve the quality of life of our employees. To that end, we carry out regular 'happiness index' surveys, which allow us to pinpoint areas for further improvement. In 2021, Kcell increased its eNPS by 15 percentage points.

In 2022, we will continue to integrate sustainability principles into all our business processes while striving to build mutually beneficial relationships with all stakeholders. Our sustainable development activities are based on the principle of responsible business practice and innovative potential, which opens up new opportunities for economic growth, environmental and social well-being.

In 2021, a number of social projects were implemented, including an important one - installation of a unique base station in the Charyn Canyon. This is the first site powered by wind and solar electricity.

Our focus is to continue to deliver strong financial and operational results for the benefit of our customers and shareholders.”

Almaty

February 21, 2022

Conference call

Kcell together with Kazakhstan Stock Exchange JSC will host a ZOOM video conference call for investors and analysts February 21, 2022 at 11:00, Almaty time. The conference will be held in Russian.

To join the conference, send your last name, first name and patronymic, name of 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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Review of the 4th quarter of 2021

Net sales

Net sales increased by 13.4% to KZT 55 781 million (49 168), mainly due to the recognition of government subsidy in the amount of KZT 2 108 million.

Service revenue increased by 9.7% to KZT 40 513 million (36 927).

Voice and other services

Revenue from voice and other services increased 6.7% to KZT 20 294 million (19 016).

Data service revenue

Data service revenue increased by 15.5% to KZT 18 121 million (15 687). Data traffic grew by 19.5% to 165 PB (138,0).

Value-added service revenue

Revenue from value-added services decreased by 5.7% to KZT 2 098 million (2 224).

Handset sales

Handset sales increased to KZT 13 160 million (12 241).

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 2021	% of total	Q4 2020	% of total
Voice and other services	20 294	36.4	19 016	38.7
Data services	18 121	32.5	15 687	31.9
Value added services	2 098	3.8	2 224	4.5
Handset sales	13 160	23.6	12 241	24.9
Government subsidy	2 108	3.8	-	-
Total revenues	55 781	100.0	49 168	100.0

Expenses

Cost of sales grew by 1.9% to KZT 34 007 million (33 384).

Selling and marketing expenses increased by 185.9% to KZT 1 564 million (547), largely due to increased advertising and marketing costs.

General and administrative expenses grew by 7.1% KZT to 3 518 million (3 285).

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 7.8% to KZT 20 768 million (19 269), with EBITDA margin of 37.2% (39.2).

Net finance cost decreased by 9.7% to KZT 2 056 million (2 277).

Income tax expense increased by 189.9% to KZT 4 140 million (1 428).

Net income increased to KZT 7 553 million (loss 84).

CAPEX increased to KZT 26 629 million (19 649), and CAPEX-to-sales ratio was 47.7% (40.0).

Free cash flow decreased by 35.4% to KZT 3 848 million (5 960).

Review of 12 months of 2021

Net sales

Net sales increased by 12.3% to KZT 196 189 million (174 684), mainly due to the recognition of government subsidy in the amount of KZT 2 108 million.

Service revenue increased by 10.7% to KZT 155 054 million (140 049).

Voice and other services

Revenue from voice and other services increased 5.7% to KZT 78 059 million (73 851).

Data service revenue

Data service revenue increased by 16.3% to KZT 67 970 million (58 446). Data traffic grew by 36.8% to 620 PB (453).

Value-added service revenue

Revenue from value-added services increased by 16.4% to KZT 9 024 million (7 752).

Handset sales

Handset sales increased by 12.7% to KZT 39 027 million (34 634).

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 months of 2021	% of total	12 months of 2020	% of total
Voice and other services	78 059	39.8	73 851	42.3
Data services	67 970	34.6	58 446	33.5
Value added services	9 024	4.6	7 752	4.4
Handset sales	39 027	19.9	34 634	19.8
Government subsidy	2 108	1.1	-	-
Total revenues	196 189	100.0	174 684	100.0

Expenses

Cost of sales grew by 5.7% to KZT 125 867 million (119 133), largely due to increased handset sales and network sharing costs.

Selling and marketing expenses grew by 58.1% to KZT 3 106 million (1 965), largely due to increased advertising and marketing costs.

General and administrative expenses increased by 35.6% to KZT 14 137 million (10 426), largely due to expenses related to the development of commercial strategy and transformation program as well as termination of the GDR programme.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 12.5% to KZT 82 340 million (72 147), with EBITDA margin of 42.0% (41.3).

Net finance cost decreased by 17.9% to KZT 7 765 million (9 453).

Income tax expense increased by 51.8% to KZT 10 696 million (7 044).

Net income increased by 84.9% to KZT 32 506 million (17 578). Earnings per share were 162.5 tenge (87.9).

CAPEX increased to 38 052 million (26 842), and the CAPEX-to-sales ratio was 19.4% (15.4).

Free cash flow grew by 48.6% to KZT 42 895 million (28 865).

Key milestones, January - December 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:

1. 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 Inkarebekova (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).

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:

1. 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 depositary 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.

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.
 3. Election of Maria Averchenko as a member of the Management Board, Chief Commercial Director of Kcell JSC.
 4. Election of Alexey Bobrov as a member of the Management Board, Chief Financial Officer of Kcell JSC.

The new composition of the Management Board of Kcell JSC:

- Yuri Kharlamov – Chairman of the Management Board, Chief Executive Officer;
 - Askar Yesserkegenov – member of the Management Board, Chief Technical Officer;
 - Sevil Gassanova – member of the Management Board, Chief Legal Officer;
 - Maria Averchenko – member of the Management Board, Chief Commercial Officer;
 - Alexey Bobrov - member of the Management Board, Chief Financial Officer.
- On April 13, 2021, the Company:
 1. 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;
 2. gave notice to the Depositary of the termination of the Deposit Agreement.

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.

As a gesture of goodwill, the Company has reimbursed the GDR holders for the cost of the Depositary's commission for conversion.

- On April 13, 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.

- On April 15, 2021, 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.

May

- On May 20, 2021, the Company notified of entering into an additional agreement with SB Alfa Bank JSC to increase the amount of the existing credit line from KZT 14 billion to KZT 21 billion with the interest rate of 10.7% per annum, for a period until 19 May 2026, with a loan availability period until 19 May 2025.
- On May 24, 2021, the Annual General Meeting of Kcells JSC (AGM) took place.
The AGM has unanimously adopted the following decisions:
- To approve Kcell JSC IFRS Separate and Consolidated Financial Statements for the year ended 31 December 2020.

- To approve the following order for the distribution of Kcell net income for 2020:

- To distribute KZT 17,578 million, representing 100 percent of the consolidated net income, as dividends for 2020.
- To approve the size of the 2020 dividend in the amount of KZT 87.89 per ordinary share or global depository receipt (GDR) .
- To set the record date for shareholders entitled to receive the dividends - the first business day from the date of the Annual General Meeting of Shareholders at 00:00 AM Almaty time.
- To set the date to start payment of dividends on ordinary shares and GDRs for 2020 on the first business day from the record date of shareholders entitled to receive the dividend and during the next thirty calendar days. To approve the order dividend payment: one-time payment.
- To approve the payment form of dividends on ordinary shares through the paying agent - Central Securities Depository JSC, and on global depository receipts of Kcell JSC - directly by the Company, by non-cash payment to bank account.

- To approve the Kcell JSC Corporate Governance Code in the new edition. To deem void Kcell JSC Corporate Governance Code dated 15 January 2020.
- On May 26, 2021, the Company notified of entering into an additional agreement with the Eurasian Development Bank to reduce the interest rate from 11.5% per annum to 11.19% per annum, with the period of the loan availability until 31 December 2021.
- On May 31, 2021, the Company paid the annual dividend in the amount of KZT 17,578 million, or KZT 87.89 per ordinary share/GDR.

June

- On June 3, 2021, the Company notified of entering into an additional agreement with SB Bank of China in Kazakhstan JSC to increase the amount of the credit line from KZT 11 billion to KZT 13 billion, with an interest rate of 10.3% per annum and the term and period of loan availability until 1 June 2024.
- On June 14, 2021, GDRs were delisted from LSE and AIX.

August

- On August 4, 2021, the Board of Directors of Kcell adopted the decision to accept the termination of the employment agreement of Alexey Bobrov, member of the Management Board, Chief Financial Officer, effective from August 20, 2021 at the initiative of the employee.

The new composition of the Management Board of Kcell JSC:

- Yuri Kharlamov – Chairman of the Management Board, Chief Executive Officer;
 - Askar Yesserkegenov – member of the Management Board, Chief Technical Officer;
 - Sevil Gassanova – member of the Management Board, Chief Legal Officer;
 - Maria Averchenko – member of the Management Board, Chief Commercial Officer;
- The Extraordinary General Meeting of Shareholders of Kcell was held on September 23, 2021, at 11.00 at the following address: 51, Alimzhanov street, Almaty (EGM).

The EGM agenda:

- Determination of the quantitative composition and term of the office for Kcell JSC Counting commission and election of its members.
- On amendments to Kcell JSC Charter.

The EGM unanimously adopted the following decisions:

- To determine the following composition of Kcell JSC Counting Commission with the term of office until 1 September 2022, including the following employees of Kcell JSC:
 - Shol Irina Vladimirovna– Chairwoman of the Counting Commission;
 - Timurziyeva Aza Nazhmudinovna;
 - Bratenkova Diana Alexandrovna;
 - Logdanidi Yelena Yevstafievna.
- 2.1. To amend the Charter of Kcell JSC as provided in the Exhibit to the EGM Minutes #19 dated 23 September 2021.
- 2.2. To authorize Yuri Kharlamov, the Chairman of Kcell JSC Management Board:

1) to sign the amendments to Kcell JSC Charter of on behalf of shareholders;

2) to ensure that all the necessary actions are taken in the judicial bodies of the Republic of Kazakhstan in connection with introduction of amendments to the Charter of Kcell JSC, with the right to delegate granted authorities to other persons.

- On September 24, 2021, Rashit Makhat and Vladimir Popov, members of the Board of Directors, Independent Directors, notified the Company about their intention to resign from the Company's Board of Directors from 21 September 2021.

The acting Members of the Kcell Board of Directors are:

- Alexey Buyanov – Chairman, Independent Director;
- Dinara Inkarebekova – Independent Director;
- Jere Calmes – Independent Director;
- Kuanyszbek Yessekeyev – a representative of shareholder Kazakhtelecom JSC;
- Serik Saudabayev – a representative of shareholder Kazakhtelecom JSC;
- Timur Khudaiberdiyev – a representative of shareholder Kazakhtelecom JSC;
- Timur Turlov – a representative of shareholder Freedom Finance JSC.

October

On October 5, 2021, the Company informed of the change of shareholders.

Shareholders holding 5% or more of shares of Kcell JSC:

- Kazakhtelecom JSC - 51% of shares;
- Pioneer Technologies S.A.R.L. – 14.87% of shares;
- First Heartland Jusan Bank JSC - 9.08% of shares;
- JSC Unified Accumulative Pension Fund - 7.06%.

Date of change in the composition of shareholders holding 5% or more of Kcell shares (date of registration of changes in the system of registers of securities holders) – October 4, 2021

November

- On November 2, 2021, the Company announced that the Board of Directors of the Company approved attraction of external financing and conclusion of a major transaction – a KZT 60.5 billion Master Loan Agreement with First Heartland Jusan Bank JSC. On November 10, 2021, the Company and First Heartland Jusan Bank JSC signed a master loan agreement for the said amount. Under the Agreement, Jusan Bank will open a credit line for Kcell for a period up to 2024. The intended purpose of the credit line is to use borrowed funds to refinance existing loans and implement the mobile operator's five-year development strategy.
- On November 11, 2021, the Company fully repaid the principal debt and accrued interest on loans from Halyk Bank of Kazakhstan JSC in the amount of KZT 22 billion and in SB Alfa-Bank JSC in the amount of KZT 12 billion.
- On November 25, 2021, the Company fully repaid the accrued interest and principal debt on loans from Eurasian Development Bank JSC in the amount of KZT 6.5 billion.

December

- On December 6, 2021, an Extraordinary General Meeting took place.

The EGM agenda included the following:

- The election of members of the Board of Directors of Kcell JSC.

The EGM unanimously adopted the following decisions:

1. To elect as members of Kcell JSC Board of Directors:

- Timur Naizabekov, independent director.
- Yermek Ramazanov, independent director.

1.2 To set the term of office for Timur Naizabekov and Yermek Ramazanov, Kcell JSC members of the Board of Directors, effective from the election date and until the expiration of the term of office of the current Kcell JSC Board of Directors, set forth by the EGM on 25 January 2019 (Minutes #12).

1.3 To determine the annual fixed remuneration

and the annual additional remuneration for Timur Naizabekov and Yermek Ramazanov, Kcell JSC members of the Board of Directors, in the amount provided in the resolution of the Annual General Meeting of Shareholders ("AGM") dated 29 May 2019 (Minutes #13).

1.4 To set the terms for payment of remuneration and compensation of expenses for Timur Naizabekov and Yermek Ramazanov, Kcell JSC members of the Board of Directors, in accordance with the Policy on remuneration and reimbursement of expenses of Independent members of the Board of Directors of Kcell JSC for performing their duties, approved by the AGM on 29 May 2019.

The acting Members of the Kcell Board of Directors are:

- Alexey Buyanov – Chairman, Independent Director;
- Dinara Inkarbekova – Independent Director;
- Jere Calmes – Independent Director;
- Timur Naizabekov, independent director;
- Yermek Ramazanov, independent director;
- Kuanyshebek Yessekeyev – a representative of shareholder Kazakhtelecom JSC;
- Serik Saudabayev – a representative of shareholder Kazakhtelecom JSC;
- Timur Khudaiberdiyev – a representative of shareholder Kazakhtelecom JSC;
- Timur Turlov – a representative of shareholder Freedom Finance JSC.

- On December 8, 2021, the Board of Directors adopted the decision on election of Dina Nurpeissova, Chief Financial Officer, as a member of the Management Board.

The new composition of the Management Board of Kcell JSC:

- Yuri Kharlamov – Chairman of the Management Board, Chief Executive Officer;
- Askar Yesserkegenov – member of the Management Board, Chief Technical Officer;
- Sevil Gassanova – member of the Management Board, Chief Legal Officer;
- Mariya Averchenko – member of the

- Management Board, Chief Commercial Officer;
- Dina Nurpeissova - member of the Management Board, Chief Financial Officer.
- On December 14, 2021, the Company announced that Kcell and Ericsson have entered into a Strategic Agreement of Intent to accelerate the development of 5G technologies in Kazakhstan. Under the terms of the agreement, the companies are opening a new milestone in the development of advanced technologies in the country – the first pre-commercial 5G zone in Turkestan city.
- On December 14, 2021, the Company announced that Fitch Ratings has affirmed Kcell JSC's Long-Term Issuer Default Rating (IDR) at 'BB+' with a Stable outlook.

Financial statements (IFRS) for January-December 2021 will be available on the Kcell website after March 1, 2022.

The information was submitted for publication on February 21, 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	Q4 2021	Q4 2020	Chg (%)	12 months of 2021	12 months of 2020	Chg (%)
Revenues	53 673	49 168	9.2	194 081	174 684	11.1
Income from Government subsidy	2 108	-	100.0	2 108	-	100.0
Cost of sales	(34 007)	(33 384)	1.9	(125 867)	(119 133)	5.7
Gross profit	21 774	15 784	37.9	70 322	55 551	26.6
Selling and marketing expenses	(1 564)	(547)	185.9	(3 106)	(1 965)	58.1
General and administrative expenses	(3 518)	(3 285)	7.1	(14 137)	(10 426)	35.6
Provisioning for legal claims	-	(4 386)	(100.0)	-	(4 386)	(100.0)
Reversal of tax and related fine	-	146	100.0	683	684	(0.1)
Impairment of assets	(1 751)	(3 732)	(53.1)	(2 694)	(6 774)	(60.2)
Other operating income and expenses, net	(1 383)	142	(1 073.9)	(583)	143	(507.7)
Operating income	13 558	4 122	228.9	50 485	32 826	53.8
Other income and expenses, net	49	(254)	(119.3)	223	322	(30.7)
Finance income and expenses, net	(2 056)	(2 277)	(9.7)	(7 765)	(9 453)	(17.9)
Net forex gain/loss, net	142	(247)	(157.5)	259	927	(72.1)
Profit/loss before income tax	11 693	1 344	770.0	43 202	24 622	75.5
Income tax expense	(4 140)	(1 428)	189.9	(10 696)	(7 044)	51.8
Net income	7 553	(84)	(9 091.7)	32 506	17 578	84.9
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	7 553	(84)	(9 091.7)	32 506	17 578	84.9
Earnings per share (KZT), basic and diluted	37.8	(0.4)	(9 091.7)	162.5	87.9	84.9
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	19 232	11 786	63.2	81 487	63 950	27.4
EBITDA excl. non-recurring items	20 768	19 269	7.8	82 340	72 147	14.1
Depreciation, amortization and impairment losses	(7 733)	(7 918)	(2.3)	(30 778)	(30 802)	(0.1)
Operating income excl. non-recurring items	15 094	11 605	30.1	51 338	41 023	25.1

Condensed Consolidated Statement of Financial Position

KZT in millions	31 Dec 2021	31 Dec 2020
Assets		
Intangible assets	42 284	39 730
Property, plant and equipment	85 805	78 109
Advances paid for non-current assets	1 930	293
Right to use assets	16 943	20 804
Other non-current assets	472	185
Deferred tax assets	1 720	1 937
Long-term receivables	4 148	2 421
Total non-current assets	153 302	143 479
Inventories	6 582	9 362
Trade and other receivables	17 751	17 823
Other current financial assets	538	245
Other current assets	10 141	3 876
Cash and cash equivalents	51 402	23 023
Investments held for maturity Investments held for maturity	-	18 923
Total current assets	86 414	73 252
Total assets	239 716	216 731
Equity and liabilities		
Share capital	33 800	33 800
Additional paid-in capital	1 260	-
Retained earnings	63 211	48 283
Total equity attributable to owners of the parent company	98 271	82 083
Long-term borrowings	48 283	49 933
Long-term lease liabilities	15 185	19 447
Government subsidies: non-current portion	5 688	-
Other long-term liabilities	4 204	4 007
Financial guarantees	-	563
Total non-current liabilities	73 360	73 950
Short-term borrowings	11 699	23 354
Trade payables and other current liabilities	43 869	30 546
Government subsidies: current portion	2 237	-
Financial guarantees	330	-
Short-term lease liabilities	4 944	4 219
Contractual liabilities	3 207	1 978
Other taxes payable	712	601
Income tax payable	1 087	-
Total current liabilities	68 085	60 698
Total equity and liabilities	239 716	216 731

Condensed Consolidated Statement of Cash Flows

KZT in millions	Q4 2021	Q4 2020	12 months of 2021	12 months of 2020
Cash flow before change in working capital	22 054	20 305	82 333	75 083
Change in working capital	-6 667	(5 830)	-8 277	(22 824)
Cash flow from operating activities	15 387	14 475	74 056	52 259
Cash CAPEX	(11 539)	(8 515)	(31 161)	(23 394)
Free cash flow	3 944	5 960	42 991	28 865
Proceeds from financial assets (net)	26 909	(559)	18 709	(13 227)
Cash flow from financing activities	(1 140)	(980)	(33 653)	(1 888)
Cash flow for the period	29 617	4 421	27 951	13 750
Cash and cash equivalents, opening balance	21 487	18 880	23 023	8 825
Cash flow for the period	29 617	4 421	27 951	13 750
Exchange rate difference	298	(278)	428	448
Cash and cash equivalents, closing balance	51 402	23 023	51 402	23 023

Condensed Consolidated Statement of Changes in Equity

KZT in millions	12 months of 2021				12 months of 2020		
	Share capital	Additional capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity
Opening balance	33 800	48 283	-	82 083	33 800	40 297	74 097
Dividends	-	(17 578)	-	(17 578)	-	(9 000)	(9 000)
Financial guarantee obligation	-	-	-	-	-	(592)	(592)
Other transactions with owners	-	-	1 260	1 260	-	-	-
Total comprehensive income	-	32 506	-	32 506	-	17 578	17 578
Closing balance	33 800	63 211	1 260	98 271	33 800	48 283	82 083

Basis of preparation

The consolidated financial statements for the year ended 31 December 2021 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 2021	Q4 2020	12 months of 2021	12 months of 2020
Within EBITDA				
Non-recurring items	1 536	7 483	853	8 197
Total	1 536	7 483	853	8 197

Investments

KZT in millions	Q4 2021	Q4 2020	12 months of 2021	12 months of 2020
CAPEX				
Intangible assets	11 191	9 728	13 604	12 392
Property, plant and equipment	15 438	9 921	24 448	14 450
Total	26 629	19 649	38 052	26 842

Related party transactions

During the year ended 31 December 2021, Kcell purchased services for KZT 25 247 million and sold services for a value of KZT 14 390 million. Related parties in these transactions were mainly Kazakhtelecom JSC and its group entities.

Net debt*

KZT in millions	31 Dec 2021	31 Dec 2020
Long-term and short-term borrowings	59 982	73 288
Less short-term investments, cash and bank	51 402	41 946
Net debt*	8 580	31 341

* excluding lease liabilities under IFRS 16 "Lease"

Financial key ratios

	31 Dec 2021	31 Dec 2020
Return on equity (% , rolling 12 months)	33.1	21.4
Return on capital employed (% , rolling 12 months)	29.7	21.8
Equity/assets ratio (%)	41.0	37.9
Net debt/equity ratio (%)	8.7	38.2
Net debt/EBITDA rate (multiple, rolling 12 months)*	0.1	0.4
Owners' equity per share (KZT)	491.4	410.4

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

Operational data

	Q4 2021	Q4 2020	Chg (%)	12 months of 2021	12 months of 2020	Chg (%)
Subscribers, period-end (thousands)	7 961	8 055	(1.2)	7 961	8 055	(1.2)
Of which prepaid	6 978	7 061	(1.2)	6 978	7 061	(1.2)
MOU (min/month)	204	221	(7.7)	210	230	(8.7)
ARPU (KZT)	1 698	1 528	11.1	1 614	1 457	10.8
Churn rate (%)	19,4	35,4	(16.0)pp	27,7	34,1	(6.4)pp
Employees, period-end	2 136	2 249	(5.0)	2 136	2 249	(5.0)

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.