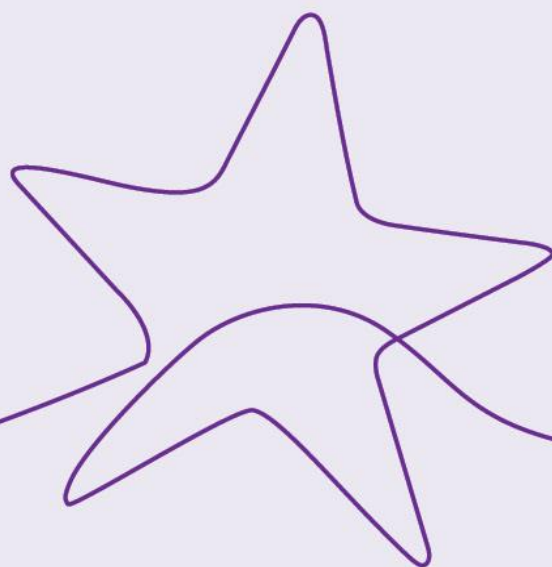


Kcell

Kcell JSC

Results for January-December 2022



Kcell JSC Results for January – December 2022

Almaty, April 14, 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 2022.

Fourth quarter

- Net sales were KZT 55 036 million. Service revenue increased by 11,4 % to KZT 45 148 million (40 513).
- EBITDA, excluding non-recurring items, was KZT 20 729 million (20 768), with EBITDA margin of 37,7% (37,2).
- Operating income, excluding non-recurring items, was KZT 14 153 million.
- Net finance cost decreased by 79,5% to KZT 421 million (2 056).
- Net income increased to KZT 7 891 million (7 553)
- CAPEX-to-sales ratio at 42,9% (47,7).
- Free cash flow increased by 237,1% to KZT 13 294 million (3 944).

12 months

- Net sales increased by 12,8% to KZT 221 232 million (196 189). Service revenue increased by 12% to KZT 173 692 million (155 054).
- EBITDA, excluding non-recurring items, increased by 10,3% to KZT 90 848 million (82 340). EBITDA margin decreased by 41,1% (42).
- Operating income, excluding non-recurring items, increased by 20% to KZT 61 587million (51 338).
- Net finance cost decreased by 36,6% to KZT 4920 million (7 765).
- Net income increased by 24,1% to KZT 40 350 million (32 506).
- CAPEX-to-sales ratio was at 18,8% (19,4).
- Free cash flow - 28 278 million (42 991)
- Total subscriber base - 7 986 thousand users (7961).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Q4 2022	Q4 2021	Chg (%)	12 months 2022	12 months 2021	Chg (%)
Net sales	55 036	55 781	(1,3)	221 232	196 189	12,8
<i>of which service revenue</i>	45 148	40 513	11,4	173 692	155 054	12
EBITDA excl. non-recurring items	20 729	20 768	(0,2)	90 848	82 340	10,3
<i>Margin (%)</i>	37,7	37,2	0,5pp	41,1	42,0	(0,9)
Operating income	13 800	13 558	1,8	60 174	50 485	19,2
Operating income excl. non-recurring items	14 153	15 094	(6,2)	61 587	51 338	20
Net income	7 891	7 553	4,5	40 350	32 506	24,1
Earnings per share (KZT)	39,5	37,8	4,5	201,8	162,5	24,1
CAPEX-to-sales (%)	42,9	47,7	(4,8) pp	18,8	19,4	(0,6) pp
Free cash flow	13 294	3 944	237,1	28 278	42 991	(34,2)

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 2021, unless otherwise stated.

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

"Despite all its challenges, last year showed the Company has a strong market position and is ready to face serious challenges while maintaining overall efficiency. The high financial and operating results achieved in 2022 have once again confirmed the correctness of the chosen development course and strategic priorities. Total revenue growth year-on-year was 12.8%, and service revenue growth was 12%.

Kcell continues to develop a sustainable and dynamic digital ecosystem of its own. In 2022, we implemented a strategy for the best Value Proposition of MFS services in Kazakhstan. Our OGO Bonus loyalty program and the first full-fledged neobank in Kazakhstan - OGO Bank - showed 23% year-on-year revenue growth. We are truly proud of this project, as it is socially significant and provides equal access to modern financial instruments to all segments of the population.

SuperApp - our strategic digital sales and service channel - reached a record MAU of 2,048,216 unique users (Android + iOS + Web). We believe that SuperApp will become the best example of ecosystem in Kazakhstan. Great emphasis was also placed on the development of e-commerce: Online Shop integrated into the super-app with its own scoring system increased the sales of contract phones by 178%. Our team has an ambitious goal: to create one of the most advanced online stores with the easiest and most intuitive user interface.

We understand our social responsibility and are aware of its need for quality mobile communication and data services. In over two years of participation in the national project "250+" (2020-2022), we have built more than a thousand base stations in remote communities, providing more than 1.5 million people with modern mobile communications services. This has allowed our country to take a leading position in the world in terms of Internet penetration. The British analytical agency cable.co.uk released data showing that mobile Internet coverage in Kazakhstan is 96% - higher than in many CIS countries and the world.



Thanks to revenue growth combined with our effective cost optimization measures, EBITDA, excluding non-recurring items, increased by 10.3% during the year. Free cash flow KZT 28,278 million. The Company plans to develop mobile broadband network in rural areas under as part its own program in 2023-2024. The cash flow received will be used, among other things, to further develop our network across the country, and invest in the infrastructure and technological improvements.

Perhaps the most significant event of the past year was the frequency auction held by the regulatory authority for the fifth-generation network, in which the Company won. This event allowed Kcell to become part of a larger project on digital transformation of Kazakhstan as well as strengthen its position in the market. Over the past few years, we have built up sufficient expertise to successfully introduce 5G. Kcell was the first operator to build a full-fledged fifth-generation network in Kazakhstan and to cover the tourist center of Turkestan. Residents of Almaty, Astana and Shymkent will be able to appreciate the benefits of 5G in 2023, and by 2027 – residents of all administrative centers of Kazakhstan.

In 2022, we also introduced a convergent billing platform. With the development of the fifth-generation network in Kazakhstan, new products and services will appear on its basis, in the segment of smart IoT devices, in particular. The scalable architecture of the convergent billing system will ensure business growth while reducing capital expenditures. The new billing system will also reduce time-to-market and implement flexible marketing strategies, providing a competitive advantage for the Company.

We have also been able to achieve results in the corporate sector. We have successfully launched 14 projects for KAZ Minerals Aktogay, Kazatomprom, ERG group of companies. We also have won a tender for pLTE supply to Polymetal Bakyrchik.

We are further implementing our strategy that focuses on maintaining Kcell's leadership position in all areas of business. I thank our customers for the opportunity to create high-quality and reliable digital products for them, to help us solve day-to-day business problems. Our work will continue to ensure that the Company makes an important contribution to the development and sustainability of our entire society."

Almaty

14 April 2023

Conference call

Kcell will, together with Kazakhstan Stock Exchange JSC, host a ZOOM video conference call for investors and analysts on April 14, 2023 at 11:00, Almaty time. The conference will be held in the Russian language.

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

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

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

Enquiries:

Kcell

Investor Relations

Damir Mulashev

+77012404694

Investor_relations@kcell.kz

Review of the 4th quarter of 2022

Net sales

Net sales decreased by 1,3 % to KZT 55 036 million (55 781).

Service revenue increased by 11,4% to KZT 45 148 million (40 513).

Voice and other services

Revenue from voice and other services increased by 3,9% to KZT 21 087 million (20 294).

Data service revenue

Data service revenue increased by 22,7% to KZT 22 237 million (18 121). Data traffic grew by 17% to 193 PB.

Value-added service revenue

Revenue from value-added services decreased 13,1% to 1 824 million (2 098).

Handset sales

Handset sales increased to decreased to KZT 9 426 million (13 160).

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 2022	% of total	Q4 2021	% of total
Voice and other services	21 087	38,3	20 294	36,4
Data services	22 237	40,4	18 121	32,5
Value added services	1 824	3,3	2 098	3,8
Handset sales	9 426	17,1	13 160	23,6
Government subsidy	462	0,8	2 108	3,8
Total revenues	55 036	100,0	55 781	100,0

Expenses

Cost of sales decreased by 4% to KZT 32 661 million (34 007).

Selling and marketing expenses decreased by 16,9% to KZT 1 299 million (1 564).

General and administrative expenses were 5 373 million.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, was KZT 20 729 million (20 768), with EBITDA margin of 37,7% (37,2).

Net finance cost decreased by 79,5% to KZT 421 million (2 056).

Income tax expense decreased by 1,3% to KZT 4 085 million (4 140).

Net income increased by 4,5 % to KZT 7 891 million (7 553)

CAPEX decreased by 12,2% to KZT 23 393 million (26 629), and CAPEX-to-sales ratio was 42,5% (47,7).

Free cash flow increased by 237,1% to KZT 13 294 million (3 944).

Review of 12 months of 2022

Net sales

Net sales increased by 12,8% to KZT 221 232 million (196 189), due to, among others, recognition of the government subsidy in the amount of KZT 2 230 million.

Service revenue increased by 12% to KZT 173 692 million (155 054).

Voice and other services

Revenue from voice and other services increased by 13,9 % to KZT 88 872 million (78 059).

Data service revenue

Data service revenue increased by 15% to KZT 78 174 million (67 971). Data traffic grew by 17,7% to 730,36 PB.

Value-added service revenue

Revenue from value-added services decreased by 26,4% to KZT 6 646 million (9 024).

Handset sales

Handset sales increased by 16,1% to KZT 45 310 million (39 027).

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 2022	% of total	12 months 2021	% of total
Voice and other services	88 872	40,2	78 059	39,8
Data services	78 174	35,3	67 971	34,6
Value added services	6 646	3,0	9 024	4,6
Handset sales	45 310	20,5	39 027	19,9
Government subsidy	2 230	1,0	2 108	1,1
Total revenues	221 232	100,0	196 189	100,0

Expenses

Cost of sales increased by 8,3% to KZT 136 269 million (125 867), largely due to increased handset sales and network sharing costs.

Selling and marketing expenses decreased by 12,6% to KZT 2 714 million (3 106)

General and administrative expenses increased by 15% to KZT 16 260 million (14 137).

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 10,3 % to KZT 90 848 million (82 340), with EBITDA margin of 41,1 % (42,0).

Net finance cost decreased by 36,6% to KZT 4 920 million (7 765).

Income tax expense increased by 39 % to KZT 14 871 million (10 696).

Net income increased by 24,1 % to KZT 40 350 million (32 506). Earnings per share were 201,8 тенге (162,5).

CAPEX increased to KZT 41 621 million (38 052), and CAPEX-to-sales ratio was 18,8% (19,4).

Free cash flow KZT 28 278 million (42 991).

Key milestones of January – December 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. The project 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 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, in accordance with article 55.4 of the Law of the Republic of Kazakhstan 'On Joint Stock Companies'.
- 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;
- 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:

- 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) 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.

8. In May 19, 2022, AGM 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.

The new 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;
- Dina Nurpeissova– Member of the Management Board, Chief Financial Officer;
- Azamat Uysumbaev – Member of the Management Board, Chief Corporate Officer;
- Kirill Strashenko – Member of the

- Management Board, Chief Technical Officer;
- Daniyar Ibraev – Member of the Management Board, Chief Security Officer.

September

The Board of Directors of the Company adopted the following decisions:

1. To elect Malik Amardinov to the position of Chief Digital Development Officer, member of the Management Board of Kcell JSC with the term of office from September 15, 2022 to May 11, 2023.
2. To terminate the authorities of Yuri Kharlamov, Chief Operating Officer, Deputy Chairman of the Management Board of Kcell JSC on 16 September 2022 by mutual agreement of the parties.

The new composition of the Management Board of Kcell JSC:

- Askhat Uzbekov – Chairman of the Board, Chief Executive Officer.
- Maria Averchenko – Member of the Management Board, Chief Commercial Officer.
- Dina Nurpeissova – Member of the Management Board, Chief Financial Officer.
- Azamat Uysumbaev – Member of the Management Board, Chief Corporate Officer.
- Kirill Strashenko – Member of the Management Board, Chief Technical Officer.
- Daniyar Ibraev – Member of the Management Board, Chief Security Officer.
- Malik Amardinov – Member of the Management Board, Chief Digital Development Officer.

On September 15, 2022, the Board of Directors of decided to postpone consideration of the distribution of retained earnings of previous periods in the form of dividends until November 1, 2022. To consider this issue, the Company should take into account the results for 9 months of 2022 as well as finalize its plans for infrastructure development and formation of the investment portfolio in the medium term (2023-2025).

The issue was submitted to the Board of Directors in accordance with the order of the Annual General Meeting of Shareholders dated 19 May 2022 (Minutes No.21): "To instruct the Board of Directors of Kcell JSC to submit a proposal on distribution of retained earnings of previous periods by 15 September 2022".

November

On November 8, 2022, the Company's Board of Directors postpones consideration of the issue on submission of a proposal regarding allocation of retained earnings from previous periods until the results of the auction for radio frequencies in the 3600-3700 MHz and 3700-3800 MHz bands were received. The issue was submitted to the Board of Directors in accordance with the order of the Annual General Meeting of Shareholders dated May 19, 2022 (Minutes No. 21)

December

By the decision of the Board of Directors dated December 7, 2022, Dina Nurpeissova, Chief Financial Officer and a member of the Management Board, was removed from the Management Board.

The new composition of the Management Board of Kcell JSC:

- o Askhat Uzbekov – Chairman of the Board, Chief Executive Officer.
- o Maria Averchenko – Member of the Management Board, Chief Commercial Officer.
- o Azamat Uysumbaev – Member of the Management Board, Chief Corporate Officer.
- o Kirill Strashenko – Member of the Management Board, Chief Technical Officer.
- o Daniyar Ibraev – Member of the Management Board, Chief Security Officer.
- o Malik Amardinov – Member of the Management Board, Chief Digital Development Officer.

- On December 9, 2022, Fitch Ratings affirmed the Long-term Issuer Default Rating ("IDR") of Kcell JSC at "BB+", with a "Stable" outlook.
- An Extraordinary General Meeting of Shareholders of Kcell JSC was held on 13 December 2022.

The EGM agenda included the following questions:

1. On the composition of the Counting Committee.
2. On amendments to the Charter of cell JSC.
3. On determining an audit organization to perform the audit of Kcell JSC for 2022-2024.

The EGM passed the following resolutions on the agenda by a simple majority of votes:

- 1.1 To terminate the authorities of Irina Martinez as a member of the Counting Committee, Chairperson of the Counting Committee of Kcell JSC

1.2 To elect to Lazat Takibayeva as a member of the Counting Commission, Chairperson of the Counting Commission of Kcell JSC.

1.3 Set the term of office of Lazat Takibayeva, member of the Counting Commission, Chairperson of the Counting Commission of Kcell JSC, from the date of election until the expiration of the term of office of the current members of the Counting Commission.

2.1 Make changes to the Charter of Kcell JSC, as presented in the Annex to this decision.

2.2. To instruct Askhat Uzbekov, Chairman of the Management Board of Kcell JSC:

- 1) to sign amendments to the Charter of Kcell JSC on behalf of the shareholders;
- 2) to ensure that all the necessary actions have been taken in connection with the introduction of amendments to the Charter of Kcell JSC at State Corporation "Government for Citizens" NJSC and, if necessary, other bodies and organizations of the Republic of Kazakhstan, with the right to delegate the granted authorities to other persons.

3. To select Ernst & Young LLP as an audit organization to perform the audit of the Company during 2022-2024.

- Kcell JSC as part of the Consortium (between Kcell JSC and Mobile Telecom Service LLP) won the auction for the allocation of 5G radio spectrum for two lots, which was held on December 21 - 23, 2022.

Financial statements (IFRS) for January-December 2022 is available on the Kcell website

Definitions

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

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

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

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be 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 2022	Q4 2021	Chg (%)	12 months 2022	12 months 2021	Chg (%)
Revenues	54 574	53 673	1,7%	219 002	194 081	12,8%
Income from Government subsidy	462	2 108	-78,1%	2 230	2 108	5,8%
Cost of sales	(32 661)	(34 007)	-4,0%	(136 269)	(125 867)	8,3%
Gross profit	22 375	21 774	2,8%	84 963	70 322	20,8%
Selling and marketing expenses	(1 299)	(1 564)	-16,9%	(2 714)	(3 106)	-12,6%
General and administrative expenses	(5 373)	(3 518)	52,7%	(16 260)	(14 137)	15,0%
Provisioning for legal claims	-	-		-	-	
Reversal of tax and related fine	-	-		-	683	-100,0%
Impairment of assets	(2 879)	(1 751)	64,4%	(6 264)	(2 694)	132,5%
Other operating income and expenses, net	976	(1 383)	-170,6%	449	(583)	-177,0%
Operating income	13 800	13 558	1,8%	60 174	50 485	19,2%
Other income and expenses, net		49	-100,0%		223	-100,0%
Finance income and expenses, net	(421)	(2 056)	-79,5%	(4 920)	(7 765)	-36,6%
Net forex gain/loss, net	(1 403)	142	-1088,0%	(33)	259	-112,7%
Profit/loss before income tax	11 976	11 693	2,4%	55 221	43 202	27,8%
Income tax expense	(4 085)	(4 140)	-1,3%	(14 871)	(10 696)	39,0%
Net income	7 891	7 553	4,5%	40 350	32 506	24,1%
Other comprehensive income						
Total comprehensive income						
Earnings per share (KZT), basic and diluted	39,5	37,8	4,5%	201,8	162,5	24,1%
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	20 376	19 232	5,9%	89 435	81 487	9,8%
EBITDA excl. non-recurring items	20 729	20 768	-0,2%	90 848	82 340	10,3%
Depreciation, amortization and impairment losses	(7 490)	(7 733)	-3,1%	(30 454)	(30 778)	-1,1%
Operating income excl. non-recurring items	14 153	15 094	-6,2%	61 587	51 338	20,0%

Condensed Consolidated Statement of Financial Position

KZT in millions	31 Dec 2022	31 Dec 2021
Assets		
Property, plant and equipment	97 724	85 805
Intangible assets	43 482	42 284
Investment property	2 210	-
Advances paid for non-current assets	4 104	1 930
Right to use assets	15 084	16 943
Long-term receivables	4 345	4 148
Contract acquisition costs	558	472
Deferred tax assets	1 598	1 720
Total non-current assets	169 105	153 302
Inventories	7 980	6 582
Trade and other receivables	26 523	17 751
Other current non-financial assets	6 897	10 111
Other current financial assets	800	538
Income tax advance	30	30
Financial assets at depreciable cost	14 833	--
Cash and cash equivalents	46 248	51 402
Total current assets	103 311	86 414
Total assets	272 416	239 716
Equity and liabilities		
Share capital	33 800	33 800
Additional paid-in capital	1 260	1 260
Retained earnings	103 561	63 211
Total equity	138 621	98 271
Long-term borrowings	41 646	48 283
Long-term lease liabilities	12 514	15 185
Government subsidies: non-current portion	8 179	5 688
Other long-term liabilities	3 808	4 204
Total non-current liabilities	66 147	73 360
Short-term borrowings	5 597	11 699
Short-term lease liabilities	5 323	4 944
Government subsidies: non-current portion	3 089	2 237
Trade payables and other current liabilities	34 749	35 705
Financial guarantees	155	330
Contractual liabilities	5 645	3 207
Estimated liabilities	3 685	3 817
Obligations to employees	5 708	4 347
Property tax payable	1 611	712
Income tax payable	2 086	1 087
Total short-term liabilities	67 648	68 085
Total current liabilities	133 795	141 445
Total equity and liabilities	272 416	239 716

Condensed Consolidated Statement of Cash Flows

KZT in millions	Q4 2022	Q4 2021	12 months 2022	12 months 2021
Cash flow before change in working capital	24 001	22 054	95 154	82 333
Change in working capital	(4 481)	(6 667)	(29 226)	(8 277)
Cash flow from operating activities	19 520	15 387	65 928	74 056
Cash CAPEX	(6 226)	(11 539)	(37 650)	(31 161)
Free cash flow	13 294	3 944	28 278	42 991
Proceeds from financial assets (net)	(14 813)	26 909	(14 813)	18 709
Cash flow from financing activities	(1 603)	(1 140)	(18 370)	(33 653)
Cash flow for the period	(3 122)	29 617	(4 905)	27 951
Cash and cash equivalents, opening balance	51 376	21 487	51 402	23 023
Cash flow for the period	(3 122)	29 617	(4 905)	27 951
Exchange rate difference	(2 006)	298	(249)	428
Cash and cash equivalents, closing balance	46 248	51 402	46 248	51 402

Condensed Consolidated Statement of Changes in Equity

KZT in millions	12 months 2022				12 months 2021			
	Share capital	Additional capital	Retained earnings	Total equity	Share capital	Retained earnings	Additional capital	Total equity
Opening balance	33 800	1 260	63 211	98 271	33 800	48 283		82 083
Dividends	-	-	-	-	-	(17 578)		(17 578)
Initial recognition of discount							1260	1 260
Total comprehensive income	-		40 350	40 350	-	32 506		32 506
Closing balance	33 800	1 260	103 561	138 621	33 800	63 211	1260	98 271

Basis of preparation

The consolidated financial statements for the year ended 31 December 2022 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 2022	Q4 2021	12 months 2022	12 months 2021
Within EBITDA				
Non-recurring items	353	1 536	1 413	853
Total	353	1 536	1 413	853

Investments

KZT in millions	Q4 2022	Q4 2021	12 months 2022	12 months 2021
CAPEX				
Intangible assets	5 265	11 191	12 662	13 604
Property, plant and equipment	18 128	15 438	28 959	24 448
Total	23 393	26 629	41 621	38 052

Related party transactions

During the year ended 31 December 2022, Kcell purchased services for KZT 25 620 \ million and sold services for a value of KZT 14 122 million. Related parties in these transactions were mainly Kazakhtelecom JSC and its group entities.

Net debt*

KZT in millions	31 Dec 2022	31 Dec 2021
Long-term and short-term borrowings	47 243	59 982
Less short-term investments, cash and bank	61 081	51 402
Net debt	(13 838)	8 580

* excluding lease liabilities under IFRS 16 "Lease"

Key financial ratios

	31 Dec 2022	31 Dec 2021
Return on equity (% , rolling 12 months)	29,1%	33,1%
Return on capital employed (% , rolling 12 months)	29,4%	29,7%
Equity/assets ratio (%)	50,9%	41,0%
Net debt/equity ratio (%)	-10,0%	8,7%
Net debt/EBITDA rate (multiple, rolling 12 months)*	-0,2	0,1
Owners' equity per share (KZT)	693,1	410,4

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

Operational data

	Q4 2022	Q4 2021	Chg (%)	12 months 2022	12 months 2021	Chg (%)
Subscribers, period-end (thousands)	7 986	7 961	0,3%	7 986	7 961	0,3%
Of which prepaid	6 953	6 978	-0,4%	6 953	6 978	-0,4%
MOU (min/month)	183	204	-10,3%	192	210	-8,7%
ARPU (KZT)	1 686	1 698	-0,7%	1 649	1 614	2,2%
Churn rate (%)	23,2%	19,4%	3,8%	23,3%	27,7%	-4,4%
Employees, period-end	2 243	2 136	5,0%	2 243	2 136	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.