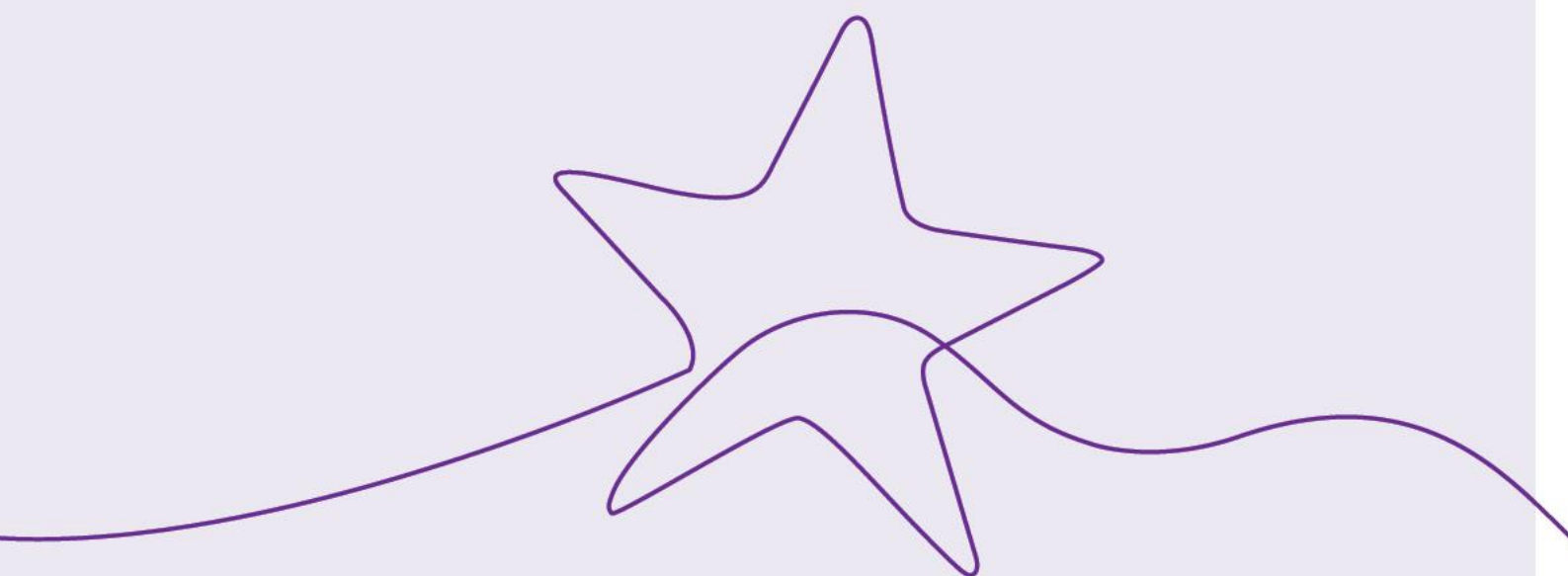


Kcell

Kcell JSC

Results for January-June 2021



Kcell JSC Results for January-June 2021

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

Second quarter

- Net sales increased by 19.5 percent to KZT 46 147 million (38 626).
- EBITDA, excluding non-recurring items, increased by 18.5 percent to KZT 19 383 million (16 362), with EBITDA margin of 42.0 percent (42.4).
- Operating income, excluding non-recurring items, increased by 31.6 percent to KZT 11 600 million (8 812).
- Net finance cost decreased by 19.8 percent to KZT 1 960 million (2 443).
- Net income increased by 165.3 percent to KZT 8 477 million (3 195).
- CAPEX-to-sales ratio increased to 4.2 percent (2.8).
- Free cash flow doubled to KZT 23 100 million (11 531).
- The total number of subscriptions increased by 165 thousand to 8 028 thousand (7 863).

First half

- Net sales up 14.6 percent to KZT 90 163 million (78 688).
- EBITDA, excluding non-recurring items, increased by 19.9 percent to KZT 38 804 million (32 369). EBITDA margin increased to 43.0 percent (41.1).
- Operating income, excluding non-recurring items, up 46.4 percent to KZT 23 370 million (15 964).
- Net finance cost decreased by 13.2 percent to KZT 4 183 million (4 817).
- Net income increased by 83.0 percent to KZT 15 627 million (8 538).
- CAPEX-to-sales ratio of 5.2 percent (4.7).
- Free cash flow increased by 48.6 percent to KZT 21 614 million (14 544).

Financial highlights

KZT in millions, except key ratios, per share data and changes	Apr-Jun 2021	Apr-Jun 2020	Chg (%)	Jan-Jun 2021	Jan-Jun 2020	Chg (%)
Net sales	46 147	38 626	19.5	90 163	78 688	14.6
<i>of which service revenue</i>	38 320	32 661	17.3	74 122	67 281	10.2
EBITDA excl. non-recurring items	19 383	16 362	18.5	38 804	32 369	19.9
<i>Margin (%)</i>	42.0	42.4		43.0	41.1	
Operating income	12 283	8 366	46.8	24 053	16 620	44.7
Operating income excl. non-recurring items	11 600	8 812	31.6	23 370	15 964	46.4
Net income	8 477	3 195	165.3	15 627	8 538	83.0
Earnings per share (KZT)	42.4	16.0	165.3	78.1	42.7	83.0
CAPEX-to-sales (%)	4.2	2.8		5.2	4.7	
Free cash flow	23 100	11 531	100.3	21 614	14 544	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 second quarter or the first half of 2020, unless otherwise stated.

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

“I am delighted to report that the second quarter was very successful for the Company, with revenue growth reaching 19.5 percent. For the first time during more than five years period, we saw a significant growth in service revenue - by 17.3 percent. This, in turn, resulted from a significant increase in ARPU - by 15.1 percent.

The key drivers for revenue growth are a smart approach to promoting value-added services to our subscribers, offering new OTT products and mobile financial services, launching updated mobile applications and websites for the convenience of using the Company's services, as well as the use by subscribers of high-content packages that include a range of additional services. In addition, the penetration of bundled offers is showing growth due to the active promotion of offers through the main communication channels and a focus on meeting the specific needs of consumers. Kcell has launched the ‘Cashback with Visa QR’ campaign being the only mobile operator in Kazakhstan who provides contactless payment services using a QR code on the Visa QR network around the world.

This level of revenue growth combined with tight cost control and optimisation resulted in a significant increase in EBITDA - 18.5 percent, excluding non-recurring items.

The revenue from handset sales also increased by 31.2 percent driven mainly by product line expansion and launch of an online store.

A transformation project was launched to improve the efficiency of the Company. We also started implementing of a new converged digital billing platform. Providing cutting edge technology, products and services remains our top priority.



The Company continues to implement a new strategy that focuses on maintaining the leadership position of Kcell in all business areas on the market and using all synergy opportunities as part of the Kazakhtelecom Group. We see high financial and operational opportunities in further network and infrastructure sharing initiatives.

We will continue to leverage synergies with Kazakhtelecom JSC by using the insight and best practices of our major shareholder, who is the largest telecommunications operator in Kazakhstan.

On 24 May 2021, the Annual General Meeting of shareholders approved the distribution of 100 percent of the net income for 2020 as an annual dividend. On 31 May 2021, the Company paid dividends in the amount of 17 578 million tenge, or 87.89 tenge per ordinary share/GDR.

On 14 June 2021, the GDR program of the Company was terminated on the London Stock Exchange and AIX, while its ordinary shares continues to be traded on KASE and AIX. Kcell will continue to comply with the highest standards of international corporate governance and adhere to the best practices across all operations”.

Almaty
30 July 2021

Conference call

Kcell together with Kazakhstan Stock Exchange JSC will host a conference call for investors and analysts on 30 July 2021 at 10:30 Almaty time. The conference will be held in Russian and broadcast on

<https://us06web.zoom.us/j/85381578852?pwd=eWpTeTBEUVExemRNdWpTK29la2ZTQT09>

Conference ID: **853 8157 8852**

Password: **504721**

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

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Review of the second quarter 2021

Net sales

Net sales increased by 19.5 percent to KZT 46 147 million (38 626).

Service revenue increased by 17.3 percent to KZT 38 320 million (32 661).

Voice and other services

Revenue from voice and other services increased by 13.3 percent to KZT 19 382 million (17 108).

Data service revenue

Data revenue increased by 21.5 percent to KZT 16 686 million (13 733). Data traffic grew by 48.3 percent to 153.2 PB (103.3).

Value-added service revenue

Revenue from value-added services increased by 23.7 percent to KZT 2 251 million (1 820).

Handset sales

Handset sales increased by 31.2 percent to KZT 7 827 million (5 965).

KZT in millions, except percentages	Apr-Jun 2021	% of total	Apr-Jun 2020	% of total
Voice and other services	19 382	42.0	17 108	44.3
Data services	16 686	36.2	13 733	35.6
Value added services	2 251	4.9	1 820	4.7
Handset sales	7 827	17.0	5 965	15.4
Total revenues	46 147	100.0	38 626	100.0

Expenses

Cost of sales

Cost of sales grew by 11.6 percent to KZT 29 723 million (26 632), largely due to increased handset sales.

Selling and marketing expenses

Selling and marketing expenses grew by 73.4 percent to KZT 502 million (289), largely as a result of the launch of new marketing communications.

General and administrative expenses

General and administrative expenses increased by 63.7 percent to KZT 4 095 million (2 501), largely due to increased personnel costs.

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 18.5 percent to KZT 19 383 million (16 362), with EBITDA margin of 42.0 percent (42.4).

Net finance cost decreased by 19.8 percent to 1 960 million (2 443).

Income tax expense amounted to KZT 2 037 million (1 659).

Net income increased by 165.3 percent to KZT 8 477 million (3 195), with earnings per share of KZT 42.4 (16.0).

CAPEX increased to KZT 1 922 million (1 065), and CAPEX-to-sales ratio was 4.2 percent (2.8).

Free cash flow increased by 100.3 percent to KZT 23 100 million (11 531).

Review of the first half of 2021

Net sales

Net sales were 14.6 percent higher and amounted to KZT 90 163 million (78 688).

Service revenue increased by 10.2 percent to KZT 74 122 million (67 281).

Voice and other services

Revenue from voice and other services increased by 2.7 percent to KZT 37 369 million (36 387).

Data service revenue

Data revenue increased by 17.9 percent to KZT 32 433 million (27 520). Data traffic grew by 47.5 percent to 301.6 PB (204,5).

Value-added service revenue

Revenue from value-added services increased by 28.0 percent to KZT 4 320 million (3 374).

Handset sales

Handset sales increased by 40.6 percent to KZT 16 041 million (11 407).

KZT in millions, except percentages	Jan-Jun 2021	% of total	Jan-Jun 2020	% of total
Voice and other services	37 369	41.4	36 387	46.2
Data services	32 433	36.0	27 520	35.0
Value added services	4 320	4.8	3 374	4.3
Handset sales	16 041	17.8	11 407	14.5
Total revenues	90 163	100.0	78 688	100.0

Expenses

Cost of sales

Cost of sales grew by 7.4 percent to KZT 59 179 million (55 085).

Selling and marketing expenses

Selling and marketing expenses were down by 25.3 percent to KZT 793 million (1 061).

General and administrative expenses

General and administrative expenses increased by 47.7 percent to KZT 6 929 million (4 690).

Earnings, financial position and cash flow

EBITDA, excluding non-recurring items, increased by 19.9 percent to KZT 38 804 million (32 369). The EBITDA margin increased by 43.0 percent (41.1).

Net finance cost decreased by 13.2 percent to KZT 4 183 million (4 817).

Income tax expense increased by 14.4 percent to KZT 4 569 million (3 994).

Net income increased by 83.0 percent to KZT 15 627 million (8 538). Earnings per share were KZT 78.1 (42.7).

CAPEX increased to KZT 4 708 million (3 669) and the CAPEX-to-sales ratio was 5.2 percent (4.7).

Free cash flow grew by 48.6 percent to KZT 21 614 million (14 544).

Key milestones of the first half 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).

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:

- 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 13 April 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 Depository's commission for conversion.

- 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.

- On 15 April 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 20 May 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 24 May 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 26 May 2021, the Company notified of entering into an additional agreement with the Eurasian Development Bank to reduce the interest rate from 11.5 percent per annum to 11.19 percent per annum, with the period of the loan availability until 31 December 2021.
- On 31 May 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 3 June 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 percent per annum and the term and period of loan availability until 1 June 2024.
- On 14 June 2021, GDRs programme was terminated on LSE and AIX.

Significant events following the end of the reporting period

- On 13 July 2021, the Company notified that the Board of Directors has decided to convene the Extraordinary General Meeting of Shareholders of Kcell JSC on 23 September 2021 at 11:00 (Almaty time) at the following address: 51, Alimzhanov street, Almaty, Republic of Kazakhstan. The registration will start at 10:00 (Almaty time).
The Extraordinary General Meeting of Shareholders of the Company will be held in person.

In the event that the Extraordinary General Meeting of Shareholders does not take place on the above date, it will be rescheduled for 27 September 2021 at 11:00 (Almaty time).

Shareholders registered by the Central Securities Depository as shareholders in the registrar of holders of shares as of 23 July 2021 (00:00 Almaty time) are entitled to attend the Extraordinary General Meeting of Shareholders.

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 Extraordinary General Meeting of Shareholders:

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

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

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

Financial Calendar

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	Apr-Jun 2021	Apr-Jun 2020	Chg (%)	Jan-Jun 2021	Jan-Jun 2020	Chg (%)
Revenues	46 147	38 626	19.5	90 163	78 688	14.6
Cost of sales	-29 723	-26 632	11.6	-59 179	-55 085	7.4
Gross profit	16 424	11 994	36.9	30 984	23 603	31.3
Selling and marketing expenses	-502	-289	73.4	-793	-1 061	-25.3
General and administrative expenses	-4 095	-2 501	63.7	-6 929	-4 690	47.7
Reversal of tax and related fine	683	22	3 004.5	683	502	36.1
Impairment of assets	-579	-859	-32.6	-630	-1 733	-63.6
Other operating income and expenses, net	352	-	n/a	738	-	n/a
Operating income	12 283	8 366	46.8	24 053	16 620	44.7
Other income and expenses, net	73	-21	-447.6	117	1 185	-90.1
Finance income and expenses, net	-1 960	-2 443	-19.8	-4 183	-4 817	-13.2
Net forex gain/loss, net	118	-1 048	-111.3	209	-456	-145.8
Profit before income tax	10 514	4 854	116.6	20 196	12 532	61.1
Income tax expense	-2 037	-1 659	22.8	-4 569	-3 994	14.4
Net income	8 477	3 195	165.3	15 627	8 538	83.0
Other comprehensive income	-	-		-	-	
Total comprehensive income	8 477	3 195	165.3	15 627	8 538	83.0
Earnings per share (KZT), basic and diluted	42.4	16.0	165.3	78.1	42.7	83.0
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	20 066	15 916	26.1	39 487	33 025	19.6
EBITDA excl. non-recurring items	19 383	16 362	18.5	38 804	32 369	19.9
Depreciation, amortization and impairment losses	-7 710	-7 571	1.8	-15 317	-15 220	0.6
Operating income excl. non-recurring items	11 600	8 762	32.4	23 370	15 964	46.4

Condensed Consolidated Statement of Financial Position

KZT in millions	30 June 2021	31 December 2020
Assets		
Intangible assets	35 238	39 730
Property, plant and equipment	74 155	78 109
Advances paid for non-current assets	350	293
Right to use assets	18 520	20 804
Other non-current assets	403	185
Deferred tax assets	2 016	1 937
Long-term receivables	3 031	2 421
Total non-current assets	133 713	143 479
Inventories	7 275	9 362
Trade and other receivables	17 146	17 823
Other current financial assets	502	245
Other current assets	3 635	3 876
Cash and cash equivalents	22 152	23 023
Investments held for maturity Investments held for maturity	9 973	18 923
Total current assets	60 683	73 252
Total assets	194 396	216 731
Equity and liabilities		
Share capital	33 800	33 800
Retained earnings	46 332	48 283
Total equity attributable to owners of the parent company	80 132	82 083
Long-term borrowings	60 188	49 933
Long-term lease liabilities	17 125	19 447
Other long-term liabilities	4 078	4 007
Financial guarantees	442	563
Total non-current liabilities	81 833	73 950
Short-term borrowings	841	23 354
Trade payables and other current liabilities	21 784	30 546
Short-term lease liabilities	4 458	4 219
Deferred revenues	2 084	1 978
Income tax and other taxes payables	3 264	601
Total current liabilities	32 431	60 698
Total equity and liabilities	194 396	216 731

Condensed Consolidated Statement of Cash Flows

KZT in millions	Apr-June 2021	Apr-June 2020	Jan-June 2021	Jan-June 2020
Cash flow before change in working capital	19 914	16 919	39 323	33 534
Change in working capital	10 325	-1 340	1 292	-6 671
Cash flow from operating activities	30 239	15 579	40 615	26 863
Cash CAPEX	-7 139	-4 048	-19 001	-12 121
Free cash flow	23 100	11 531	21 614	14 544
Proceeds from financial assets (net)	-3 973	-17 163	8 712	-17 163
Cash flow from financing activities	-16 631	5 074	-31 414	3 669
Cash flow for the period	2 496	-558	-1 088	1 248
Cash and cash equivalents, opening balance	19 536	11 200	23 023	8 825
Cash flow for the period	2 496	-558	-1 088	1 248
Exchange rate difference	120	-451	217	118
Cash and cash equivalents, closing balance	22 152	10 191	22 152	10 191

Condensed Consolidated Statement of Changes in Equity

KZT in millions	Jan-June 2021			Jan-June 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	-	-17 578	-17 578	-	-9 000	-9 000
Total comprehensive income	-	15 627	15 627	-	8 538	8 538
Closing balance	33 800	46 333	80 132	33 800	37 048	70 848

Basis of preparation

The interim condensed consolidated financial statements for the first half and second quarter ended 30 June 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	Apr-June 2021	Apr-June 2020	Jan-June 2021	Jan-June 2020
Within EBITDA				
Non-recurring items	-683	446	-683	-656
Total	-683	446	-683	-656

Investments

KZT in millions	Apr-June 2021	Apr-June 2020	Jan-June 2021	Jan-June 2020
CAPEX				
Intangible assets	754	752	819	1 300
Property, plant and equipment	1 168	313	3 889	2 369
Total	1 922	1 065	4 708	3 669

Related party transactions

During the six-months' period ended 30 June 2021, Kcell purchased services for KZT 12 793 million and sold services for a value of KZT 7 123 million. Related parties in these transactions were mainly Kazakhtelecom JSC and its group entities.

Net debt

KZT in millions	30 June 2021	31 Dec 2020
Long-term and short-term borrowings	61 029	73 288
Less short-term investments, cash and bank	-22 152	-23 023
Net debt*	38 877	50 265

* excluding lease liabilities under IFRS 16

Financial key ratios

	30 June 2021	31 Dec 2020
Return on equity (% , rolling 12 months)	30.4	21.4
Return on capital employed (% , rolling 12 months)	25.3	21.8
Equity/assets ratio (%)	41.3	37.9
Net debt/equity ratio (%)	47.9	61.2
Net debt/EBITDA rate (multiple, rolling 12 months)*	0.56	0.70
Owners' equity per share (KZT)	400.7	410.4

* excluding lease liabilities under IFRS 16

Operational data

	Apr-June 2021	Apr-June 2020	Chg (%)	Jan-June 2021	Jan-June 2020	Chg (%)
Subscribers, period-end (thousands)	8 028	7 863	2.1	8 028	7 863	2.1
Of which prepaid	7 038	6 923	1.7	7 038	6 923	1.7
MOU (min/month)	210	236	-11.1	209	229	-8.8
ARPU (KZT)	1 584	1 377	15.1	1 533	1 398	9.7
Churn rate (%)	37,4	29,2	8.2pp	34,1	35,8	-1.7pp
Employees, period-end	2 164	2 211	-2.1	2 164	2 211	-2.1

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.