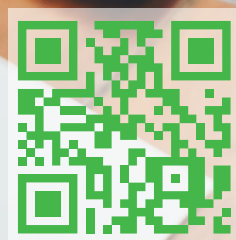




HOW TO INVEST IN AN IPO ON KASE

("Kazakhstan Stock Exchange" JSC)



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**WHAT IS AN IPO?
 HOW CAN I EARN MONEY ON AN IPO?
 HOW CAN I TAKE PART IN AN IPO?
 YOU ARE PROBABLY ASKING YOURSELF THESE
 QUESTIONS.
 LET'S FIGURE IT OUT!**



WHAT DOES IT MEAN TO INVEST IN AN IPO?

When you buy shares in a company, you become the owner of a share of the business



Investing in an IPO means buying shares in a company that offers this opportunity to everyone for the first time.

When investing in an IPO, you buy shares "firsthand", that is, from the company itself, and become its "early bird" investor before trading begins on the stock exchange.

WE SUGGEST YOU TO INVEST ON KASE!

WHY KASE?



We have been on the market for almost **30 years**



KASE has arranged **12 IPOs**, so this process is optimally shaped, comprehensible and convenient for all participants



There are **many other investment instruments** on KASE

THEREFORE, BY INVESTING IN AN IPO ON KASE, YOU:

- ▶ Become a co-owner of successful, established Kazakh companies going for an IPO
- ▶ Get access to other instruments traded on KASE

These opportunities will allow you to use various investment strategies and create a balanced investment portfolio that meets your needs.

HOW CAN I EARN MONEY ON AN IPO?

Now let's talk about what kind of income you can get when investing in an IPO.

When buying any shares, including shares purchased during the IPO, you can earn:

► BY RECEIVING DIVIDENDS

Dividends are part of the company's profits that are distributed among shareholders at regular intervals.

To receive dividend income, an investor needs to buy shares and hold them in his portfolio.

If an IPO company lists shares in the "Premium" category of the "Shares" sector of the "Main" market, then it must provide KASE with its dividend policy.

► ON A CAPITAL GAIN

To obtain this income, you need to sell the share for a price higher than the original purchase price.

IMPORTANT: The price of shares on a stock exchange is constantly fluctuating, it can rise and fall.

Therefore, we recommend that you do not forget about your investments, track prices, follow the company's news, get acquainted with the reports and recommendations of analysts, and make well-informed investment decisions based on this information.

ARE THERE ANY RISKS?



- Of course. Any investment is risky. Do not believe the offers of risk-free, supposedly "safe" investments. This is scammers.

The first rule of investing: **the higher the expected return, the higher the risk.** This rule also applies to investing in IPOs. IPOs are inherently high-yield investments and are considered a quick way to raise capital.

If the shares after the IPO start trading on the stock exchange above the offering price, you will be able to earn income right from the first trading day by selling the shares at a higher price.

But due to the potentially high yield, an IPO is, accordingly, more risky.

To reduce risks, you need to diversify your portfolio of securities, that is, buy shares of other companies, preferably from various sectors of the economy, as well as other less risky securities (bonds, units of mutual funds, ETFs). And all this can be easily done on KASE!

HOW TO PARTICIPATE IN AN IPO?

ONLY 3 STEPS!

- 1 Choose a licensed broker and open an account with him
- 2 Replenish the opened account with money
- 3 Submit an application to the broker for purchase of shares when the ipo is announced

CHOOSING A LICENSED BROKER

- ▶ **ATTENTION!** To avoid fraud, always double-check the information about the broker.

Dial the numbers indicated on the official website of KASE, do not follow incomprehensible links and do not rush to install mobile applications from advertisements without verification.

THE LIST OF LICENSED BROKERS:



<https://kase.kz>

If you already have an account with a broker, you should check with your broker when and how you can place an order to buy shares in an upcoming IPO.

Now some theory ▶▶▶

WHAT IS AN IPO?

IPO is an initial public offering of shares of a joint-stock company to an unlimited number of investors

The sale of shares during an IPO can be carried out:

- ▶ by placing an additional issue of shares by way of open subscription
- ▶ through a public sale of shares of an existing issue by the original shareholders of the company



Before the IPO

The company is private, that is, closed

The shares of the company are owned by a limited number of persons – one or more shareholders

The price of the share is not a market price, it is simply fixed in the documents
For example, the authorized capital of a JSC is 10 million tenge, and the number of issued shares is 10 thousand pieces.
The par value of 1 share is $10,000,000 / 10,000 = 1,000$ tenge

After the IPO

The company goes public: now it must disclose information about itself in accordance with the requirements of the stock exchange

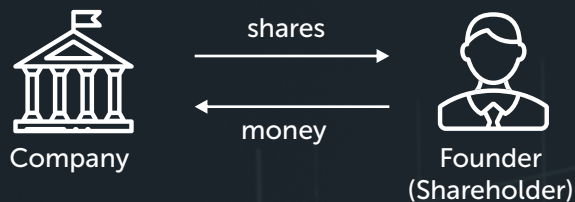
Anyone can buy the company's shares

The share is valued at the market price and depends on the level of supply and demand

WHY DO COMPANIES GO FOR AN IPO?

In order for a company to operate, i.e., to purchase equipment, manufacture goods, provide services, etc., it needs money.

To do this, businesses – joint-stock companies issue shares, which are bought by the founders at the initial stage, and the money is spent on the company development.



As the business grows, the company decides to sell part of the shares to a wide range of investors in order to raise additional money.

Therefore, the main goal of a company's IPO is to raise additional capital through an IPO with subsequent placement of shares on the stock exchange.

OTHER GOALS OF THE IPO ARE:

Obtaining a market valuation of the business

An opportunity for founders to sell their share of the business at the market price

Increased brand awareness and transparency













Increasing the prestige and reputation

An IPO is often an indicator of the maturity of a business. Therefore, companies that have been doing business for more than a year, go for an IPO, as they have a proven business model, a certain market share, well-established sales channels and accumulated financial results.

HISTORY OF IPOS ON KASE

KASE has extensive experience in securities offerings, including IPOs of national companies.

IPO на KASE

| | | | |
|--|---|--|--|
|  КАЗАКТЕЛЕКОМ 2006 Volume: 12.2 bn KZT Offering price: 25,000–33,000 KZT Demand: 592% |  КазМұнайГаз 2006 Volume: 258.0 bn KZT Offering price: 11,163.4 KZT Demand: 100% |  Баян Сұлу 2010 Volume: 2.7 bn KZT Offering price: 658.0 KZT Demand: 100% |  Kcell 2012 Volume: 7.5 bn KZT Offering price: 1,578.7 KZT Demand: 260% |
|  KazTransOil 2012 Volume: 27.9 bn KZT Offering price: 725.0 KZT Demand: 200% |  KEGOC 2014 Volume: 13.1 bn KZT Offering price: 505.0 KZT Demand: 130% |  BAST 2015 Volume: 359.6 mln KZT Offering price: 19,843.0 - 21,827.0 KZT Demand: 106% |  AZEL 2016 Volume: 800.0 mln KZT Offering price: 11,177.0 KZT Demand: 370% |
|  BAST 2017 Volume: 1,125.0 mln KZT Offering price: 30,500.0 KZT Demand: 103.1% |  БАҢК АСТАНЫ 2017 Volume: 6,500.0 mln KZT Offering price: 1,150.0 KZT Demand: 116.1% |  BAST 2018 Volume: 526.4 mln KZT Offering price: 50,000.0 KZT Demand: 100.0 % |  FERRO-ALLOY RESOURCES GROUP 2019 Volume: 5.2 mln KZT Offering price: 348.698 KZT Demand: 0.2 % |

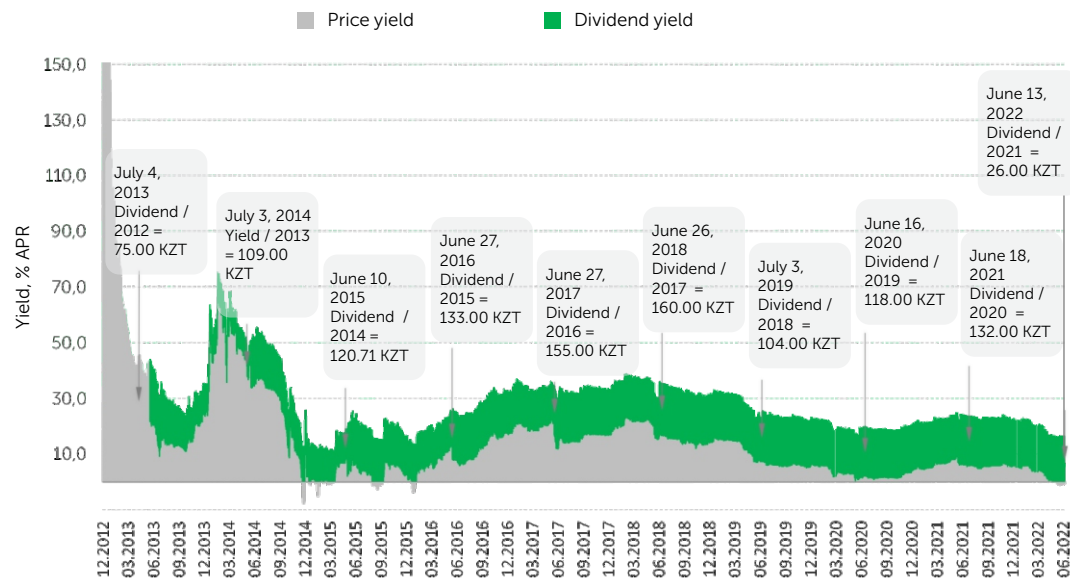
The first IPO of a Kazakh national company was held in 2006. 40% of securities of KazMunayGas Exploration Production JSC were issued on KASE and London Stock Exchange.

The price of a common share during the offering was 11,163.39 tenge, that of a global depository receipt – 14.64 US dollars. A year later, the share price was 18,990 tenge. The company paid annual dividends, the amount of which increased every year.

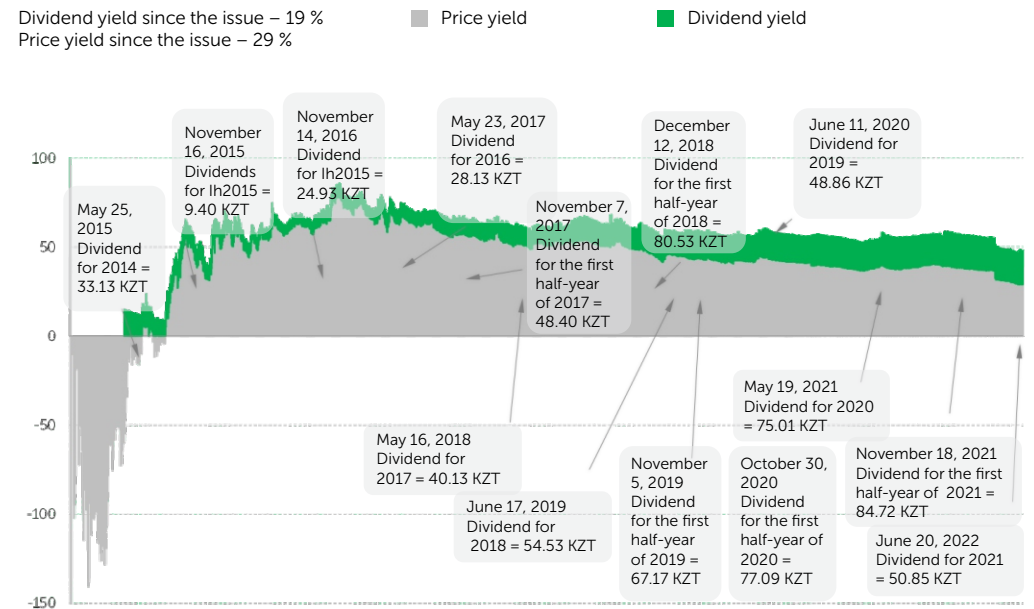
An IPO of **KazTransOil JSC** was carried out in 2014, and one of **KEGOC JSC** – in 2012, both as "People's IPO" on KASE.

- The purpose of the IPOs was to encourage residents of Kazakhstan to become shareholders of major Kazakh quasi-public companies and, accordingly, attract them to the regulated securities market in order to develop it. These two IPOs have increased the number of individual investors in Kazakhstan from **10,000 to 110,000**.

Yield on common shares of KazTransOil JSC since the IPO



Yield on common shares of KEGOC JSC since the IPO



WHAT DOES THE IPO PROCESS LOOK LIKE?

Based on the global experience of initial public offerings, it is believed that in order to go for an IPO, a company should achieve the necessary business indicators, have good development prospects in its industry and show a positive trend in key financial indicators.

A company needs a great deal of preparation to go for an IPO. It takes from several months to one or two years.

If a decision is made to go public, the company selects a broker for the IPO that provides financial consulting and underwriting services.

Financial advisory services include determining the conditions for raising investments and preparing documents for the listing – the procedure for including the company's shares in the official list of the stock exchange.

Underwriting services are aimed at attracting potential investors.

Brokers hold a Road Show for the media and potential investors to showcase company performance and other stock offering data. At this stage, preliminary orders for purchase of shares are collected, which will be placed on the stock exchange.

At the same time as the road show or at the end of it, the company's shares get listed on the stock exchange.

This procedure involves the issuer providing the exchange and sometimes the regulator with various documents to prove the compliance of the shares and their issuer with the listing requirements.

During the listing process, the company discloses information about itself, its activities and its securities to the exchange and the regulator, and they already make these documents public.

The entire IPO process is considered completed when the exchange on which the listing was received opens trading in the issued shares. The company becomes public, and its securities are traded on a regulated open market, i.e., on an exchange.

CONCLUSION

So, you have learned what an IPO is, what it is for, how you can earn money on it and how to participate in an IPO. You have learned why companies go for an IPO, what the process looks like, and got acquainted with the history of IPOs at KASE. If you have any questions, you can always consult with KASE employees at the contacts listed below. Looking forward to see you!

CONTACTS



www.kase.kz



+7 (727) 237 53 03 (KASE hotline for IPO issues)
+7 (727) 237 5320 (Department for issuers and investors relations)



customers@kase.kz (Department for issuers and investors relations)



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Kazakhstan Stock Exchange (KASE)

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