

Kcell

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ANNUAL REPORT FOR 2023

CONNECTING THE WORLD

BY INVESTING IN
5G TECHNOLOGY

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CONNECTING THE WORLD

BY INVESTING IN 5G TECHNOLOGY

COMPANY PROFILE

Kcell JSC is a leading mobile operator of Kazakhstan providing a full range of telecommunication and digital services to its clients: mobile communication, mobile and home Internet, fintech, products and solutions for a corporate segment. At the end of 2023, the Company's subscriber base accounted for 7,792.5 thousand clients. Kcell mobile network covers about 89% of population of the republic.

The Company provides voice communication and data services under the Kcell and activ brands, 5G technology based home Internet – Kcell Auleti, as well as a number of digital services based on its own Kcell SuperApp platform. The Kcell/activ mobile application provides the Company's clients, along with standard subscriber services, with access to its own electronic trading platform and a line of digital services – OGO Finance – including maintaining a virtual payment card, placing funds on deposits and issuing loans, paying for goods, service and much more.

In 2023, Kcell began implementing the largest and strategically important project not only for the Company, but also for the country as a whole to deploy the fifth generation communication standard. Last year, Kcell, ahead of schedule and license commitments, installed about 500 5G base stations in a couple of dozen cities in Kazakhstan and provided modern and high-quality telecommunication services using the new communication technology to about a million Kazakhstan residents.

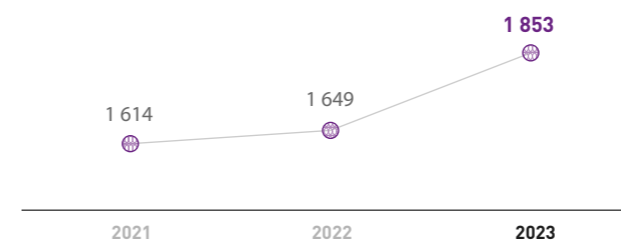
In 2023, the world leader in network analytics Ookla recognized Kcell as the operator with the fastest Internet in Kazakhstan – based on the results of almost 600 thousand measurements on the Speedtest platform, the Internet speed on the Kcell network showed the highest result – 67.35 Mbit/s.

KEY MILESTONES, JANUARY – DECEMBER 2023

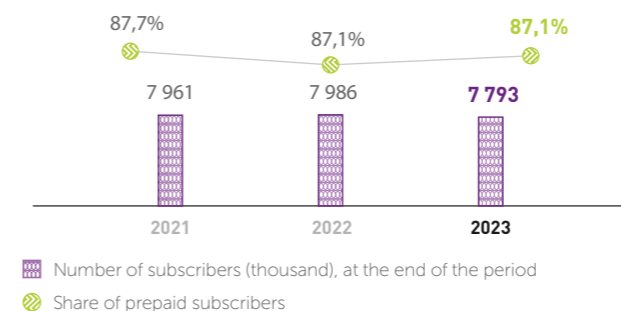
Month	Key Milestones
JANUARY	<ul style="list-style-type: none"> Start of the project implementation to deploy the new generation 5G communication standard
APRIL	<ul style="list-style-type: none"> On 27 April, Kcell took part in 'HR-brand Central Asia' conference, where it presented the "School of digital talents" project and received a special award in the special nomination goFLUENT Excellence in building a talent pool from HeadHunter Company
JUNE	<ul style="list-style-type: none"> On 20 June, Kcell opened a summer paid internship – Kcell Camp – for graduates and students of universities of Almaty
AUGUST	<ul style="list-style-type: none"> Kcell shares hit two-year price maximum Kcell held the International Conference on modern mobile technologies – Eurasian Mobile Summit 2023 "Time for Change: Challenges and Opportunities", which brought together the best experts from Europe and Asia
SEPTEMBER	<ul style="list-style-type: none"> The Company celebrated its 25th anniversary Launch of a new product – 5G Home Internet – Kcell Auleti An agreement was signed with Ericsson on continuing cooperation for the full-scale implementation and development of 5G technology in Kazakhstan Kcell's app ranks 6th among 30 top applications in Kazakhstan, according to Forbes 5G KcellRun marathon was organized simultaneously in two cities – Astana and Turkestan
OCTOBER	<ul style="list-style-type: none"> Launch of a promotion during which OGO-card holders could ride the metro for only 1 tenge Kcell is leading in premium flagship handset pre-orders in Kazakhstan's entire retail market Kcell was the organizer of the "5G – a driver of digital transformation" panel session at the Digital Bridge 2023 forum Kcell became a partner of the international cyber-sports tournament Mobile Legends: Bang Bang
NOVEMBER	<ul style="list-style-type: none"> Kcell was given the title of "Leader of the Stock Market" by KASE Expansion of pLTE network at enterprises and factories of Eurasian Resources Group Drawing 1 mln bonuses among active and potential participants of the OGO Bonus program
DECEMBER	<ul style="list-style-type: none"> Fitch affirmed the long-term rating of Kcell at 'BB+' level with a 'Stable' outlook Roaming revenue reached an all-time high with 43.6% growth by 2022 A record 23% increase in the number of MFS users over 2023 Kcell is recognized as the operator with the fastest mobile Internet in the republic according to the world leader in the field of intellectual analysis of mobile and broadband networks Ookla

KEY INDICATORS

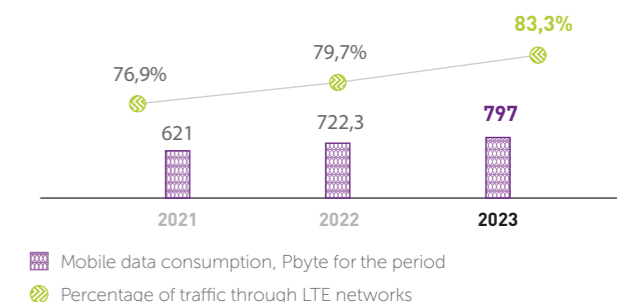
AVERAGE MONTHLY REVENUE PER USER (ARPU), tenge per month



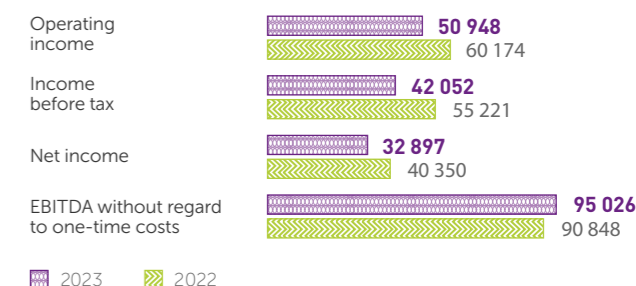
SUBSCRIBER BASE



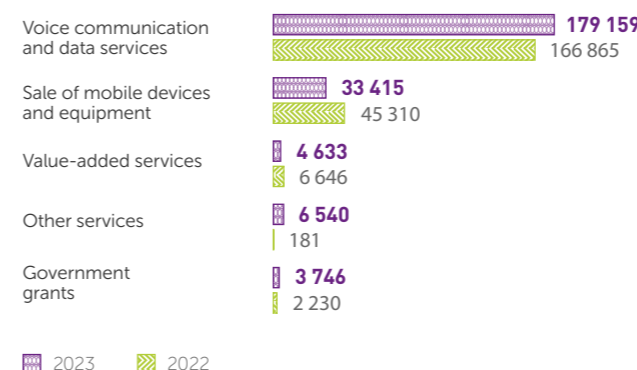
MOBILE DATA



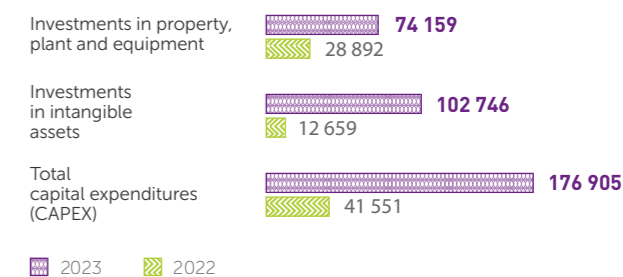
REVENUE INDICATORS, mln tenge for the period



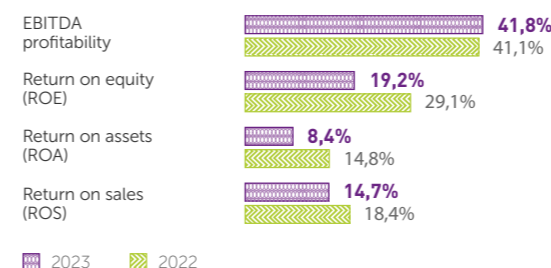
OPERATING INCOME IN 2023, mln tenge for the period



INVESTMENTS AND CAPITAL EXPENDITURES, mln tenge for the period



PROFITABILITY RATIO



ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 2-22



BUYANOV
ALEXEY

Chairman
of the Board of Directors
of Kcell JSC

Dear Partners, Colleagues and Clients!

I present to your attention the Annual Report 2023 of Kcell JSC, in which we have tried to present all of the basic aspects of activities of our Company as fully, systematically and transparently as possible.

The reporting year was marked by moderate acceleration for the economy of Kazakhstan, and for domestic business it became a period of change and adaptation. Against the background of rampant technological development, changes in consumer behaviour and preferences, increased competition, including in the telecommunications market, the Company's management needed to constantly keep its finger on the pulse and adjust the strategy and course of development depending on the prevailing trends, situation and business environment. I believe that the Company's management coped with this task quite effectively, which is confirmed by the dynamics of the basic operating indicators.

At the end of 2023, Kcell's total revenue increased as compared to the previous year by 2.8% and amounted to 227.5 bln tenge, service revenue increased by almost 10% and exceeded 190 bln tenge, net income amounted to 32.9 bln tenge. EBITDA excluding one-time costs increased by 4.6% and reached 95 bln tenge, and EBITDA profitability amounted to 41.8%.

The sustainability of the market position and the growth of income of the Company are stipulated by the correct choice of strategic goals and priorities, one of the main ones being the introduction of fifth-generation mobile communications. By the end of the year, the Company's mobile network included 480 5G base stations in 17 cities of the country; up to half a million Kazakhstan residents received access to fifth-generation mobile communications. In many cities, Kcell overfulfilled its license obligations for the introduction of base stations: in the third largest city of the country – Shymkent – 31 station was installed in excess of the plan; in the Western region – 32 stations; in Kyzylorda, Konayev and Taldykorgan, 5 stations were introduced ahead of schedule. In 2023, 5G stations accounted for about 40% of the total number of base stations commissioned. At the same time, in order to provide all Kazakhstan residents with modern telecommunication services, regardless of their place of residence, Kcell continued to develop 4G networks in small population centres.

The Company's growth in 2023 was driven by cash flow generation in both the retail and corporate segments. In the retail segment, 5G monetization and new customer inflows drove growth. In the corporate segment, Kcell maintained its leadership in building private LTE-based networks at its manufacturing sites. Last year, revenue in the B2B segment increased by 5 per cent vs. 2022.

As for the quality of the services provided by the Company, in 2023, Kcell was recognized as the operator with the fastest mobile Internet in the republic according to the world leader in the field of intelligent analysis of mobile and broadband networks Ookla. Based on the results of almost 600 thousand measurements on the Speedtest Ookla platform, the Internet speed on the Kcell network showed the highest result in Kazakhstan – 67.35 Mbit/s. At the same time, the Company does not intend to be satisfied with what has already been achieved and will continue to actively develop its infrastructure to provide its clients with high-quality services and tools.

In conclusion, I would like to emphasize that all our successes have become possible thanks to cooperation with you – our partners and clients; in this regard, I express my sincere gratitude to you. I am confident that our fruitful cooperation will allow us achieving excellent results in the future.

Sincerely yours,
Chairman of the Board of Directors of Kcell JSC

Alexey Buyanov

ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 2-22



UZBEKOV
ASKHAT

Chairman
of the Management Board
of Kcell JSC

Dear Readers!

The reporting year was a period of active development and successful implementation of many projects for our Company, including those of strategic importance for the entire country. A considered investment policy, systematic work to improve business processes and optimize costs allowed us maintaining positive dynamics of operating and financial indicators and strengthen the market position.

At the same time, the positive dynamics of financial indicators indicate the stability of the Company and the correctness of the chosen strategy and direction of development. Currently, Kcell JSC has a significant reserve of financial stability with free access to borrowed capital. In December 2023, Fitch Ratings affirmed the long-term rating of the Company at 'BB+' with a 'Stable' outlook, and the Kazakhstan Stock Exchange recognized Kcell JSC as the leader of the stock market.

At the same time, summarizing the results of 2023, the Company received net profit of 32.9 bln tenge, which is 7.5 bln less than the result of 2022. The decrease in profitability is due to a significant increase in expenses for development and modernization of the network, as well as significant investments in the deployment of the 5G network.

The Company's efforts to implement 5G technologies, modernize and develop the network could not but affect Kazakhstan's position in various international rankings and positions in terms of quality and accessibility of telecommunication services. For example, in the well-known ranking from Ookla Company – Speedtest Global Index, Kazakhstan rose from the 95th place in 2022 to the 72nd place in 2023 among 146 states. According to the results of numerous measurements, the average incoming connection speed in Kazakhstan improved by 61% – from 21.29 Mbit/s in 2022 to 35.07 Mbit/s in December 2023. At the same time, Ookla recognized Kcell as the operator with the fastest mobile Internet in Kazakhstan.

In 2023, we overfulfilled our license obligations for the deployment of fifth-generation networks and brought the number of 5G base stations to 480 units. By the end of the year, up to half a million Kazakhstan residents living in 17 cities got access to modern telecommunication services

and digital services based on the up-to-date technologies. The transition to the fifth-generation communication standard made it possible to launch a new wireless Internet access service – Kcell Auleti; before entering the market thereof, the Company received more than 2 thousand applications from potential subscribers.

As before, we strive to provide access to high-quality telecommunication services to all Kazakhstan residents, regardless of the area where they live. To this end, we continued to develop fourth-generation networks in small population centres: in 2023, the Company commissioned hundreds of 4G base stations in small towns and villages. New stations were installed both under the '250+' program and within the framework of its own network development program 2023–2024.

Kcell's priority in the business segment was to develop Private LTE networks for a number of giant enterprises in the mining and other industries. In addition, together with the Ministry of Internal Affairs, the Company implemented a republic-wide project "Digital Policeman".

In B2C segment, revenue grew by 11%, with roaming revenue reaching an all-time high with 43.6% growth by 2022.

In 2024, we will continue to implement advanced telecommunication technologies in Kazakhstan and expand the circle of Kazakhstan residents with access to wireless Internet and high-quality mobile communications. We strive to provide our clients with only high-quality telecommunication and digital services that improve the quality of life of all Kazakhstan residents and increase the business efficiency of our corporate clients.

With the kindest regards,
Chairman of the Management Board of Kcell JSC

Askhat Uzbekov

01

ABOUT THE COMPANY

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BACKGROUND

GRI 2-1, 2-2

Kcell JSC is one of the largest telecommunication companies in Kazakhstan the core business of which is to provide mobile communication services, including voice communications, access to mobile Internet, modern digital services and financial technologies. Kcell JSC is a subsidiary of the largest communications operator – Kazakhtelecom JSC, which holds 51% of the voting shares in the Company.

- The Company provides the following types of services to its clients:
- Mobile voice communication and short text message (SMS) services;
- Data transmission and wireless Internet access services; and
- Value-added services (VAS), including access to mobile content, ecosystem services, etc.

At the end of 2023, the Company's share in Kazakhstan telecommunication service market was 18.6%. The subscriber base of Kcell JSC at the end of 2023 achieved 7,792.5 thousand subscribers, or 30.8% of the total number of cellular communication subscribers in Kazakhstan.

The Company provides services under the Kcell and activ brands and began providing wireless Internet access under the Kcell Auleti trademark in 2023.

One of Kcell's competitive advantages is its developed digital ecosystem the core of which is the Kcell/activ mobile application. The application not only allows clients managing products and services, but also provides access to its own online store and 'virtual bank' – a line of financial services OGO Finance, including maintaining virtual payment cards, placing funds on deposits and issuing loans.

The Company has one wholly owned subsidiary – KazNet Media LLP – the core business of which include: management

of websites that use search engines to create and maintain extensive databases of Internet addresses, management of other websites that function as Internet portals; provision of Internet access through telecommunication infrastructure operators; computer programming, consulting and other related services; information services related to search portals, data processing and allocation, as well as other activities related to the primary provision of information; data allocation and processing services; web portals; advertising/marketing services; information and consulting services, including those using the Internet, creation of websites and web portals, as well as any activities not prohibited by legislative acts and the Memorandum of Association.

In December 2022, the Company won the auction for the use of 5G networks in Kazakhstan and since 2023 has begun to deploy the fifth-generation communication standard in the republic. At the end of the reporting year, Kcell managed to install about 500 5G base stations in almost 20 cities of the country, having provided about a million Kazakhstan residents with telecommunication services and tools using the new technology.

In 2023, the world leader in network analytics Ookla recognized Kcell as the operator with the fastest Internet in Kazakhstan.

In 2023, the international rating agency Fitch affirmed the long-term rating of Kcell at 'Stable' level and in November of the same year, the Company was awarded the title of "Stock Market Leader" according to KASE.



HISTORY OF THE COMPANY

GRI 2-1

Kcell JSC traces its history back to the late 90-s of the last century and was initially called GSM Kazakhstan LLP of Kazakhtelecom OJSC (GSM Kazakhstan LLP). GSM Kazakhstan LLP was registered on 1 June 1998 to design, construct and operate a GSM cellular network in the Republic of Kazakhstan. In 1998, Kcell JSC became the first Kazakhstan company that received a license to provide GSM cellular communication services.

Until 2012, members of GSM Kazakhstan LLP were Fintur Holdings B.V. (a joint venture between TeliaSonera Finland Oyj and Turkcell Illetisim Hizmetleri registered in the Netherlands) and Kazakhtelecom OJSC (since 2004 – Kazakhtelecom JSC), which held 51% and 49% interests in the capital, respectively. On 2 February 2012, Kazakhtelecom JSC sold its interest to Sonera Holding B.V., a subsidiary of TeliaSonera, the Finnish company (in 2017, the company changed its name to Telia Company).

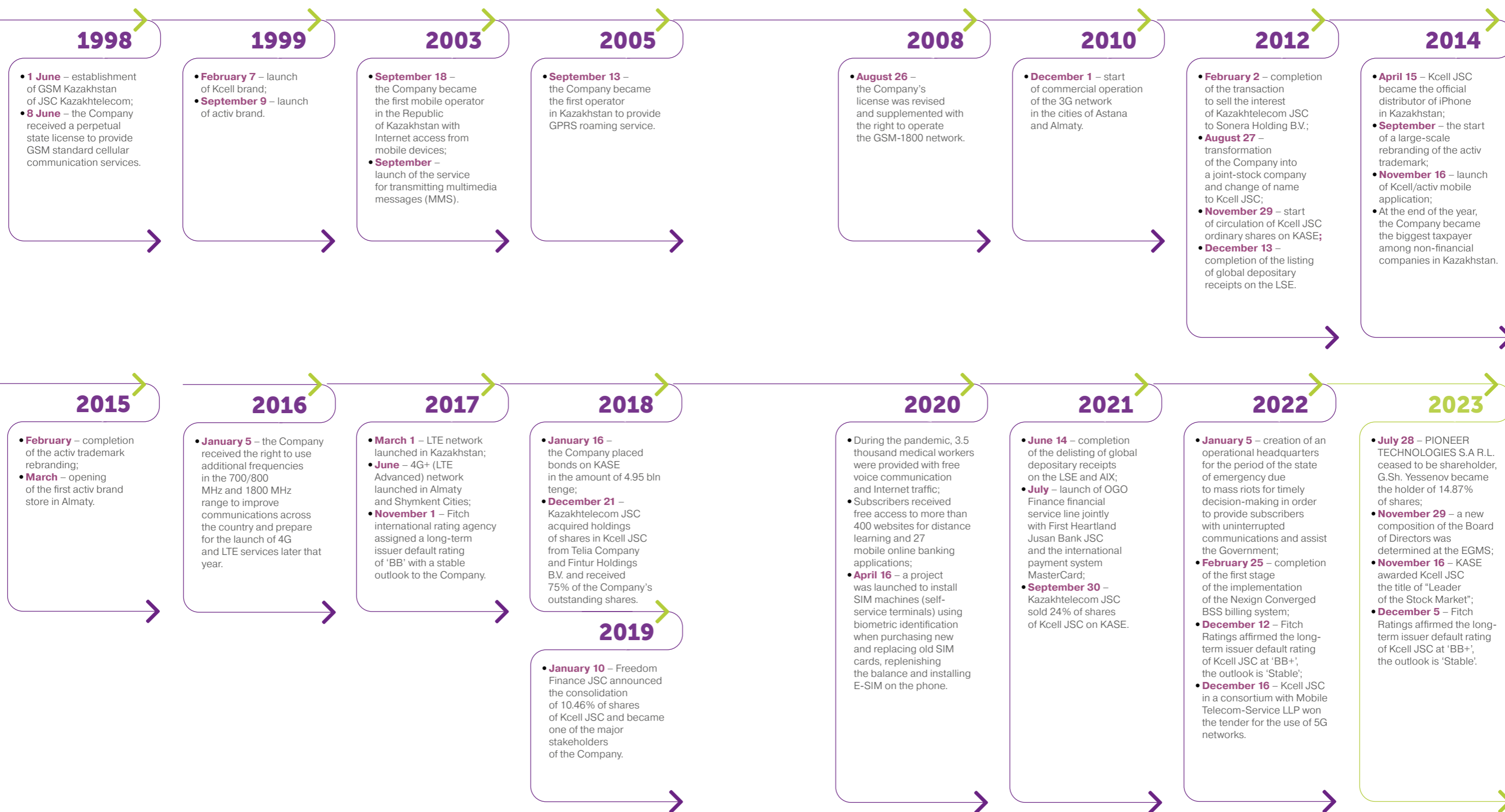
On 27 August 2012, the Company was transformed into a joint-stock company and changed its name to Kcell JSC.

In December 2012, the Company placed 50 mln shares (25% of the share capital) in the form of global depository receipts on the London Stock Exchange and ordinary shares on the Kazakhstan Stock Exchange. As a result, the shares of the principal shareholders – Fintur Holdings B.V. and Sonera Holding B.V. – amounted to 51% and 24%, respectively.

In January 2018, Freedom Finance JSC announced the consolidation of 10.46% of shares of Kcell JSC and became one of the major members of the Company. On 21 December 2018, Kazakhtelecom JSC acquired Kcell JSC owned by Telia Company and Fintur Holdings B.V. and received a 75% interest in the share capital of the Company.



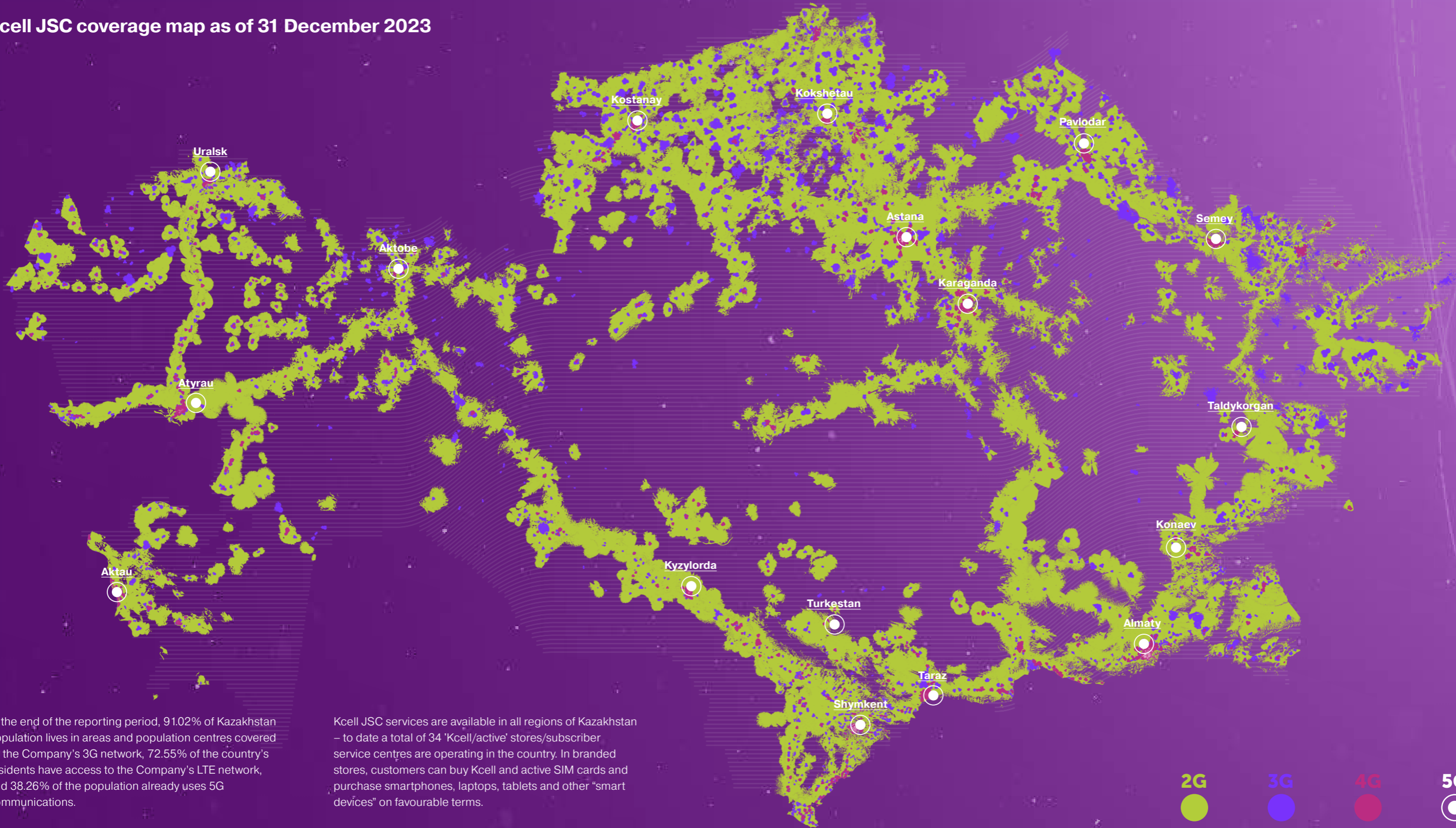
KEY EVENTS IN THE COMPANY'S HISTORY



GEOGRAPHIC REACH

GRI 2-1

Kcell JSC coverage map as of 31 December 2023



At the end of the reporting period, 91.02% of Kazakhstan population lives in areas and population centres covered by the Company's 3G network, 72.55% of the country's residents have access to the Company's LTE network, and 38.26% of the population already uses 5G communications.

Kcell JSC services are available in all regions of Kazakhstan – to date a total of 34 'Kcell/active' stores/subscriber service centres are operating in the country. In branded stores, customers can buy Kcell and active SIM cards and purchase smartphones, laptops, tablets and other "smart devices" on favourable terms.



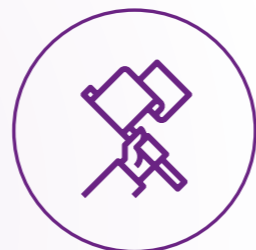
02

CORPORATE STRATEGY

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MISSION AND VISION OF A POSITION IN INDUSTRY

Mission



TO MAKE COMMUNICATIONS ACCESSIBLE TO ALL RESIDENTS OF KAZAKHSTAN, WITH BRINGING MAXIMUM BENEFIT TO OUR SUBSCRIBERS AND PROVIDING THE HIGHEST QUALITY SERVICES!

Vision



ALGA, KCELL!

WE ARE EXPANDING OUR HORIZONS AND STRIVING FOR:

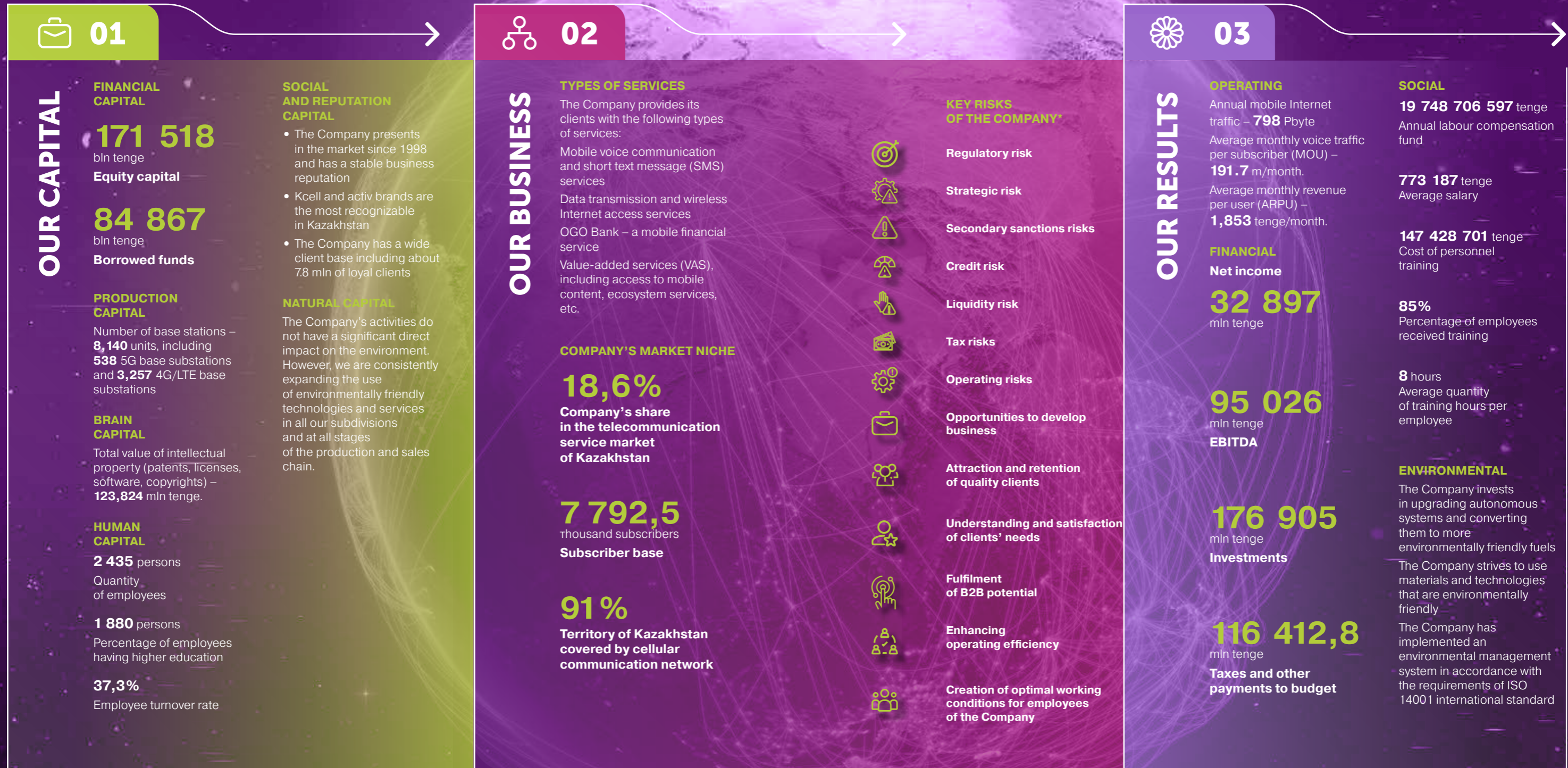
- **A** RCHITECTURE OF THE FUTURE – building the best new generation 5G network in Kazakhstan
- **L** EADERSHIP – attracting key segments using digital ecosystems, to increase profits
- **F** LEXIBILITY in approaches to creating products and services to improve digital experience
- **A** MBITION – ensuring growth of financial indicators
Kcell! – to create a team imbued with a culture of achievement, movement towards excellence

OUR CORPORATE VALUES AND PRIORITIES



BUSINESS MODEL OF THE COMPANY

GRI 2-6



* Detailed information about risks of the Company is given in "Risk Management" section.

ASSESSMENT OF THE COMPANY DEVELOPMENT PROSPECTS (SWOT ANALYSIS)

GRI 2-6

SWOT analysis is all-purpose strategic planning tool that allows assessing visually the development prospects of the Company. When conducting a SWOT analysis, external

and internal factors influencing the organization are identified, which are divided into four groups: Strengths, Weaknesses, Opportunities and Threats.

SWOT analysis of development prospects of Kcell JSC

INTERNAL FACTORS

S

Strengths

- The Company is one of the dominant players in Kazakhstan telecommunication service market;
- The Company has become the holder of a license for 5G frequencies and is developing new generation 5G networks in Kazakhstan;
- The Company has one of the strongest business structures in the market;
- Client-centric retail: the complex design of Kcell stores is synchronized with digital platforms, with increasing overall user involvement;
- The use of advanced technologies and innovations ensures a high level of reliability and quality of services provided;
- The Company has a wide and loyal client base;
- The Company has implemented the best practices of corporate governance and debugged production and business processes;
- Many years of successful experience in the industry allowed the Company forming a sustainable positive reputation;
- The personnel are highly qualified; and
- The personnel policy is flexible; employees receive decent remuneration for their work.

W

Weaknesses

- Rampant technological development of the telecommunications industry requires a large volume of investment in upgrading equipment and software;
- The principal owner of the Company is the State, which reduces flexibility in making business decisions;
- The imperfection of the regulatory framework limits the flexibility of tariff policy and can lead to a decrease in profits.

EXTERNAL FACTORS

O

Opportunities

- More flexible approach to tariff making;
- Diversification of the list of services offered to clients;
- Further measures to improve and standardize production processes;
- Establishing closer relationship with consumers by building an effective dialogue.

T

Threats

- Reduction in the volume of voice mobile communications services provided due to the transition to the use of Internet messengers and social networks;
- Refusal of clients from prepaid tariff plans;
- Negative impact of changes in legislation on tariff policy;
- Violation of contractual obligations by unscrupulous suppliers and contractors.

STRATEGIC GOALS AND OBJECTIVES

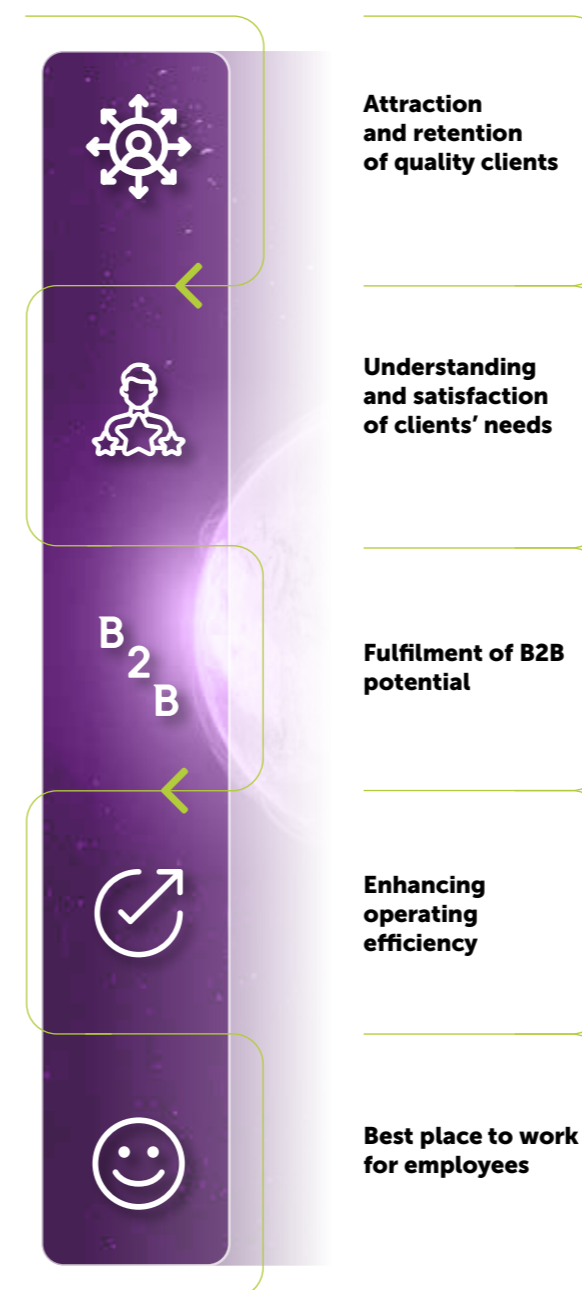
GRI 2-6

In 2021, the long-term Development Strategy of Kcell JSC was approved. The strategy is aimed at the Company development during the period from 2021 to 2026 as a fully digital operator with a diversified portfolio of products and services. The main

principle enshrined in the Development Strategy of Kcell JSC is to satisfy the interests and needs of three key stakeholders: clients, employees and shareholders.

Strategic goals and objectives of Kcell JSC

GOALS



OBJECTIVES

- Products that meet the needs of target client segments
- Enriching and bundling (formation of package offers) relevant digital services into products based on client needs
- Leadership in providing a wide range of products, including mobile communication devices
- New business areas
- Progressive perception of network quality
- Client base using current tariff plans and products
- Proactive development of the subscriber base and client behaviour patterns by satisfying needs by means of CVM (Customer Value Management)
- Online servicing of all key client paths and operations
- Partner products with personalized service customized for the needs of corporate clients
- Convenient products specialized for the needs of small and medium-sized business clients
- Increased employee productivity
- Optimal structure and cost level
- High level of simplicity and process automation
- Decision-making institute based on flexible interaction practices and increased level of employee authority
- Availability of ambitious, achievable business goals for each direction and subdivision by means of quarterly planning
- Cross-functional teams effectively interacting in critical areas of business
- Leading employer of telecommunication talents in the market

5G NETWORK DEVELOPMENT

GRI 2-6, 203-1

5G means the fifth generation of mobile technologies, which provides increased connection speed, more stable connection and reduced battery consumption of mobile devices as compared to previous generation networks. 5G networks are much faster and more reliable; their implementation makes it possible to develop wireless digital ecosystems including many devices through the enormous increase in data exchange speed.

According to the International Telecommunication Union (ITU), the coverage of the planet's population by 5G networks has grown from 30.6% in 2022 to 38.4% in 2023. In absolute terms, the number of people on the planet who are and work in the 5G 'signal zone' has grown from 2,442 mln in 2022 to 3,089 mln in 2023.

The introduction of 5G networks has become an indicator of the technological and economic development

The first project to launch a 5G network was implemented by Kcell JSC in December 2021 in Turkestan. As part of the project, 9 base stations were installed at strategically important and tourist sites of the city, including the city akimat, Congress Hall, Turkestan Arena stadium, bus station, Farab central library, Youth Palace, etc. This is the first launch of a new generation network in Kazakhstan that covers the territory of the entire cultural and administrative centre of the city. During test measurements, the data transmission speed reached 1,400 Mbit per second. Any Kcell/activ subscriber can connect to the network with a smartphone with 5G support.

On 22 and 23 December 2022, the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan held an auction to distribute radio frequencies for the development of 5G technology in the Republic of Kazakhstan. The companies that meet the requirements approved by the Procedure for the distribution of radio frequencies have taken part in the auction. According to the terms, the winner is responsible for the implementation and development of fifth-generation mobile communications (5G/IMT) in the cities of republican significance and regional centres. The first lot for the 3600-3700 MHz range was drawn on 22 December,

of countries. In highly developed countries, the coverage of the population by new generation networks has reached 88.6%, while this indicator makes up only 1.1% in the poorest countries.

According to information from Ericsson, which is one of the world leaders in the production of telecommunication equipment, by the end of 2023, 5G networks were deployed by 280 companies from various countries, and the total number of 5G network subscribers (i.e. the number of connected devices) in the world reached 1.56 bln of which 163 mln connected to the network in the quarter IV of 2023. According to Ericsson forecasts, by the end of 2024, the number of 5G users will approach 2.17 bln, and in 2029 will exceed 5.33 bln.

the second lot for the 3700-3800 MHz range was drawn on the next day. In both cases, the winner was the consortium of Mobile Telecom Service LLP and Kcell JSC, and the total cost of frequencies following the auction was 156 bln tenge. Winning the auction allowed Kcell entering 30% of mobile operators in the world having the rights to use frequencies to provide 5G communication services.

The consortium committed to launch 782 5G base stations in Astana, Almaty and Shymkent during 2023 of which 391 station was to be installed by Kcell JSC. At the end of the year, Kcell had activated 173 base stations in Almaty out of the planned 172, 125 stations out of the planned 94 in Shymkent, and 127 stations out of the planned 125 in Astana.

During the next four years, the consortium members will be required to launch 1,568 base stations per year in regional centres and cities of republican significance. The consortium also committed to provide 5G by 2027 to 75% of the territory of cities of republican significance and 60% of the territory of regional centres.

2,17 billion



The number of 5G users, according to Ericsson's forecasts, by the end of 2024



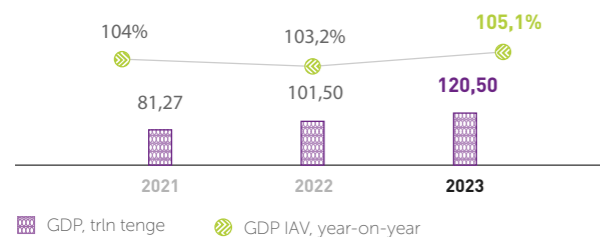
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MANAGEMENT PERFORMANCE REPORT

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MACROECONOMIC CONDITIONS

GDP DYNAMICS



Source: NSB of the RK ASP&R

In 2023, Kazakhstan GDP in nominal terms increased by 18.7% as compared to the previous year and amounted to 120.5 trln tenge. GDP growth in real terms was 5.1%.

The highest growth rates were observed in trade (+11.3%), construction (+13.3%), as well as in the sections "Information and communication" (+7.5%) and "Transport and warehousing" (+7.1%). Industrial production volume increased in real terms by 4.2%, while agricultural production decreased by 7.9%.

INDUSTRIAL PRODUCTION VOLUME

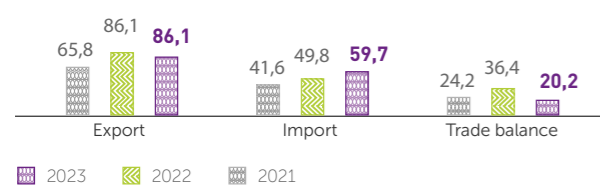


Source: NSB of the RK ASP&R

The industrial production volume in 2023 amounted to 46.4 trln tenge, including mining industry – 21.8 trln tenge, manufacturing industry – 21.6 trln tenge. The growth of production volumes in real terms increased as compared to the previous year by 2.9 p.p. and amounted to only 4.3%. The growth in the mining industry amounted to 4.6% and was provided mainly by the growth of hydrocarbon production (+ 6.9%). The physical volume of manufacturing output increased by 4.1%.

FOREIGN TRADING IN COMMODITIES,

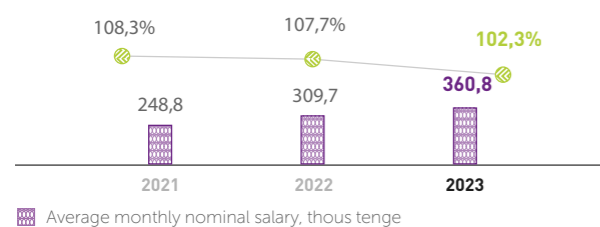
bln doll. for the period



Source: RK NB

The positive balance of trade of Kazakhstan decreased from 36.4 to 20.2 bln doll. due to a decrease in export from 86.1 to 79.9 bln doll. and an increase in import from 49.8 to 59.7 bln doll. The dynamics of export volumes were determined by the conditions in the global raw materials markets, while the growth of import was caused primarily by domestic economic factors, including the growth of consumer lending and an increase in the volume of budget injections into the economy.

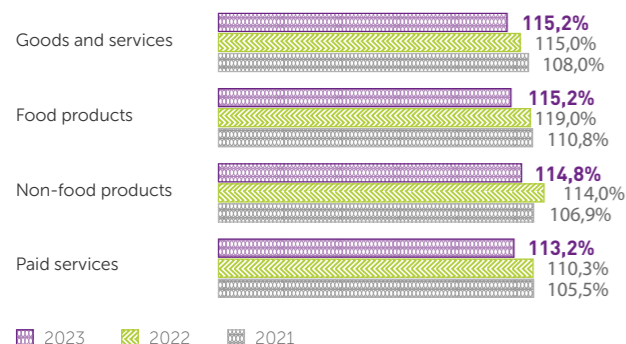
AVERAGE MONTHLY SALARY



Source: NSB of the RK ASP&R

The average monthly nominal salary in 2023 increased by 51.1 thousand tenge compared to the previous year and reached 360.8 thousand tenge. At the same time, the growth rate of average salary in real terms decreased from 7.7 to 2.3%. Low rates of real salary growth were stipulated by high level of consumer inflation with a slight decrease in the growth rate of nominal salary.

INDEX OF PRICES FOR CONSUMER GOODS AND SERVICES% % year-on-year



Source: NSB of the RK ASP&R

The rate of consumer inflation in 2023 remained high: summarizing the results of January-December, the CPI was 115.2% compared to the similar period of previous year, which was a record value over a 15-year period. At the same time, prices for food products increased by 15.2%, non-food products – by 14.8%, and paid services – by 13.2%.

CONDITION OF TELECOMMUNICATION INDUSTRY

GRI 2-6

Global trends of development of the area of information and telecommunication technologies

According to ITU estimates, the number of active cellular subscribers in the world by the end of 2023 exceeded 7.0 bln, and the number of subscribers to fixed broadband access (BBA) to the Internet was about 1.5 bln. Almost 5.4 out of 8.1 bln inhabitants of the planet became Internet users, there were over 5.2 bln owners of mobile phones

in the world. About 7.9 bln people lived within the coverage area of cellular networks at the end of 2022. At the same time, in 2023, the decline in the number of fixed telephone lines, which has been observed for more than ten years, continued and decreased by 17.1 mln.

INDICATORS OF WORLD POPULATION ACCESS TO TELECOMMUNICATION NETWORKS AND TECHNOLOGIES, mln at year-end

Indicator	2021	2022	2023
Number of fixed telephone lines	892.4	877.7	860.6
Number of fixed BBA subscribers	1,328.2	1,418.7	1,495.6
Number of cellular subscribers (numbers)	8,489.2	8,617.2	8,891.1
Number of active cellular subscribers (numbers)	6,507.4	6,808.1	7,029.8
Population covered by mobile communication network (quantity of individuals)	7,690.1	7,773.5	7,868.8
Population covered by 3G and higher communication standard (quantity of individuals)	7,413.7	7,529.2	7,642.2
Number of individuals using Internet	4,913.8	5,132.2	5,416.9
Number of individuals having mobile phones	4,908.4	5,056.0	5,227.8

Source: ITU

People's access to modern telecommunication services directly depends on the economic well-being of the countries where they live. In countries the World Bank included in the group of low-income countries (below 1,135 doll. per capita per year), there are on average 26.4 Internet users per 100 inhabitants, while in high-income countries (over 13,846 doll. per capita per year and above) this figure is 92.3. The most significant differences between poor and rich countries are in the number of fixed telephone lines (1.0 versus 32.6) and fixed BBA subscribers (0.5 versus 38.7) per 100 inhabitants, and while the discrepancy in the first indicator has smoothed out slightly in 2023, the discrepancy in the second indicator has increased due to the growth in the provision of BBA lines in developed countries.

According to the World Bank methodology, Kazakhstan is included in the group of countries with upper-middle income (from 4,466 to 13,845 doll. per capita). Summarizing the results of 2022 (the most current ITU data available at the time of preparation of this report), there was a decrease in the provision of the population with fixed telephone lines (from 15.5 to 14.6 per 100 people), while other indicators show some growth. The values of the indicators characterizing access to mobile communication networks and their use correspond to the average level for high-income countries. At the same time, the level of provision of the population with fixed telephone lines in Kazakhstan only slightly exceeds the average value for the group of countries with upper-middle income, and the spread of BBA in Kazakhstan is significantly below the average level for this group of countries.

ACCESS TO TELECOMMUNICATION TECHNOLOGIES IN THE COUNTRIES DEPENDING ON INCOME LEVEL PER CAPITA (AT THE END OF 2023), per 100 people

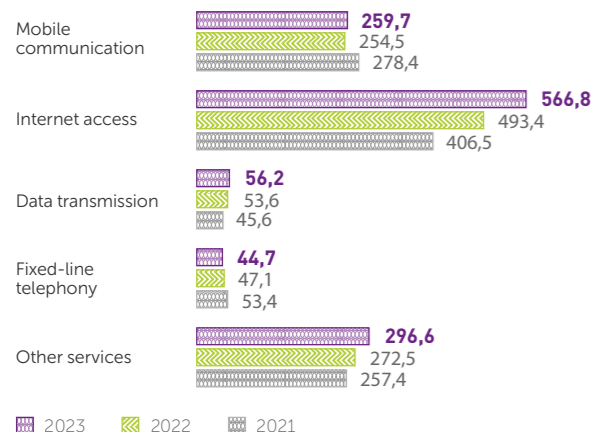
	Average world value	Low income countries	Lower-middle income countries	Upper-middle income countries	High income countries	Kazakhstan (at the end of 2022*)	Kazakhstan (at the end of 2021*)
Number of fixed telephone lines	10.7	1.0	3.4	11.8	32.6	14.6	15.5
Number of fixed BBA subscribers	18.6	0.5	4.8	30.3	38.7	14.9	14.3
Number of cellular communication subscribers	110.6	65.2	99.0	127.8	129.0	130.0	127.0
Population covered by mobile communication network	97.3	88.9	97.4	98.5	99.8	99.0	98.2
Population covered by 3G and above mobile communication network	94.8	75.2	94.9	98.1	99.7	97.7	96.0
Individuals using Internet	66.3	26.4	56.1	79.1	92.4	92.3	90.9
Individuals having mobile phones	72.7	49.1	65.5	76.3	95.4	92.7	92.6

Source: ITU

* At the time of preparation of this Annual Report, the most current data for Kazakhstan in the ITU database dates back to 2022.

Telecommunication industry of Kazakhstan

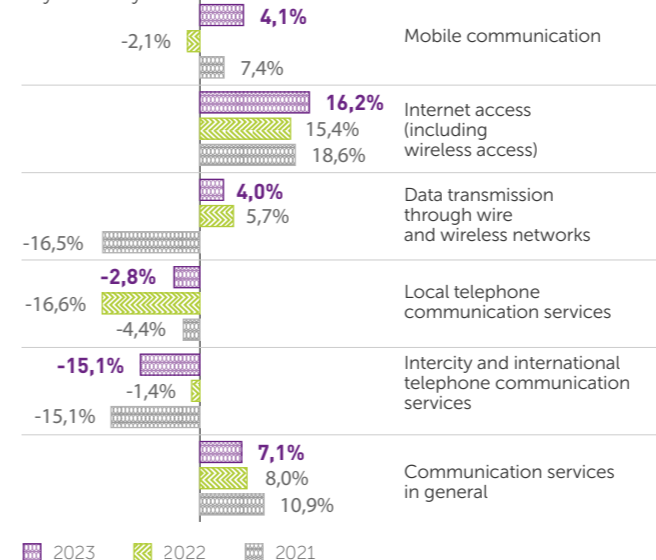
COST OF COMMUNICATION SERVICES PROVIDED, bln tenge for the period



Source: NSB of the RK ASP&R

The total volume of services provided by communications companies in 2023 exceeded 1.2 trln tenge (excluding courier and mail services). The growth of the indicator was mainly due to an increase in the volume of services for the provision of wired and wireless Internet access from 493.4 to 566.8 bln tenge. At the same time, the volume of fixed-line telephony services continues to decline, and the cost of mobile communications services increased slightly in nominal terms.

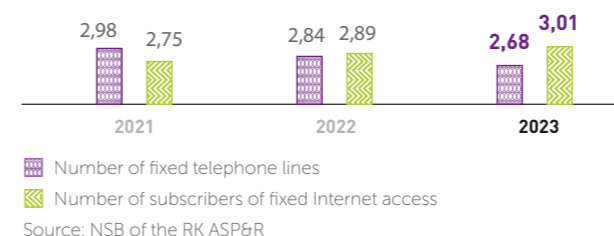
CHANGE OF PHYSICAL VOLUMES OF SERVICES BROKEN DOWN BY SEPARATE TYPES OF COMMUNICATION, % year-on-year



Source: NSB of the RK ASP&R

The real growth of communication service volumes in 2023 was 7.1%, which is slightly lower than the level of the previous year (8.0%). The growth of the total volume of provided communication services in real terms is mainly due to the growth in the need for Internet access, while the demand for other types of service is gradually decreasing.

NUMBER OF SUBSCRIBERS OF FIXED-LINE TELEPHONY AND FIXED WIRE ACCESS, mln at the end of the period



Source: NSB of the RK ASP&R

Against the background of decreasing demand for fixed-line telephony, the number of fixed telephone lines continues to gradually decrease, while the growth of the number of subscribers to fixed Internet with access via xDSL technologies (i.e. via a regular "telephone pair") has stopped. At the same time, there is a gradual increase in the number of connections using fibre-optic lines (FOL), which will probably begin to displace the xDSL format in the foreseeable future.

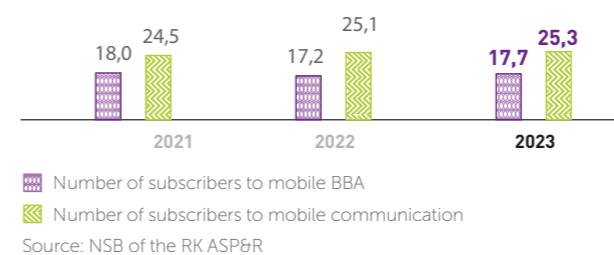
COVERAGE OF POPULATION AND TERRITORY WITH CELLULAR COMMUNICATION NETWORKS, at the beginning of 2023



Source: NSB of the RK ASP&R

At the beginning of 2023, cellular communication networks covered 55.0% of the territory of Kazakhstan and 98.2% of the country's population. At the same time, the coverage rates of 4G networks were significantly lower and amounted to 87.3%, 3G networks – 97.7%. Due to the growing demand for advanced mobile technologies, including IoT, and the implementation of stimulating government policy, in the coming years, the coverage of the population with higher-speed networks, including 5G networks, is expected to increase.

NUMBER OF SUBSCRIBERS TO MOBILE COMMUNICATION AND MOBILE BBA, mln at the end of the period



Source: NSB of the RK ASP&R

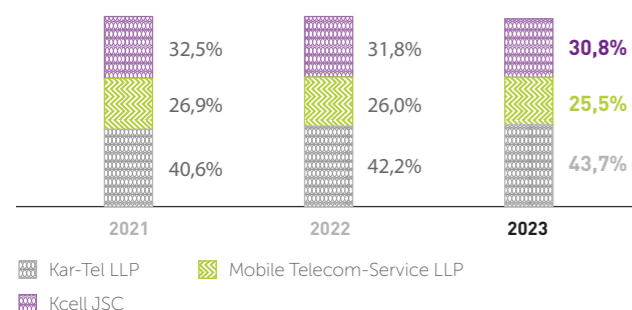
The cumulative subscriber base of three mobile operators providing services in Kazakhstan amounted to 25.3 mln subscribers (i.e. active SIM cards) at the end of 2023. The number of subscribers to mobile communication significantly exceeds the number of residents of the country, since many Kazakhstan residents use more than one mobile number. At the same time, the number of mobile BBA subscribers is significantly lower compared to the number of cellular communication subscribers, which is mainly due to the insufficient development of cellular networks in rural areas.

OPERATING ACTIVITIES OF THE COMPANY

GRI 2-6, 201-1, 203-1, 203-2, 413-1, 415-1

Market share of the Company

ALLOCATION OF KAZAKHSTAN SUBSCRIBERS TO MOBILE COMMUNICATION BY OPERATORS, at the end of the period

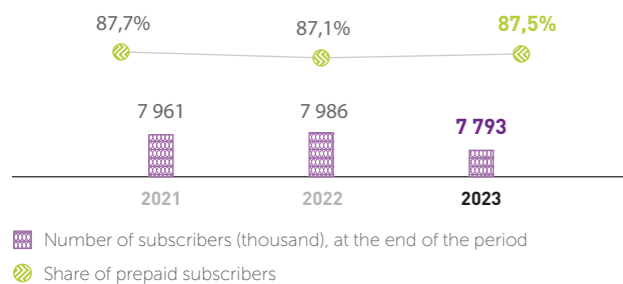


Source: NSB of the RK ASP&R, Kcell, VEON Ltd.

At the end of 2023, the subscriber base of Kcell JSC accounted for 7.8 mln subscribers (i.e. active SIM cards), or 30.8% of the total number of Kazakhstan subscribers to cellular communication. The shares of Mobile Telecom-Service LLP and Kar-Tel LLP accounted for 25.5% and 43.7% of subscribers, respectively. The growth in the number of subscribers of Kar-Tel LLP was probably largely due to the development of MVNO Izi, the advantage of which is the ability to flexibly connect individual services.

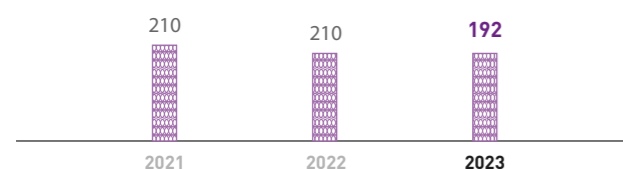
Key operating performance

SUBSCRIBER BASE



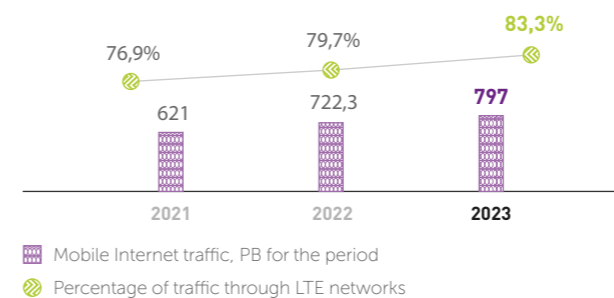
In 2020–2022, the Company subscriber base comprised approximately 8 mln subscribers. By the end of 2023, the subscriber base had decreased by 193 thousand subscribers and amounted to 7 mln 793 thousand subscribers. The number of prepaid subscribers decreased from 6 mln 953 thousand to 6 mln 817 thousand.

AVERAGE MONTHLY VOICE TRAFFIC PER SUBSCRIBER (MOU), min. per month



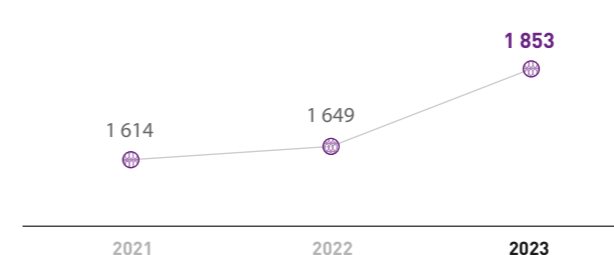
The average monthly voice traffic per subscriber (MOU) remained actually unchanged and amounted to 192 minutes.

MOBILE INTERNET TRAFFIC



The volume of mobile Internet traffic in 2023 reached 797.0 petabytes, which is 12% higher than the 2022 level. As before, the growth in mobile Internet traffic is due to the increasing need of clients for access to the Internet against the background of the growing role of digital technologies in all spheres of society activity.

AVERAGE MONTHLY REVENUES PER USER (ARPU), tenge per month



The average monthly revenue per client increased from 1,649 tenge in 2022 to 1,853 tenge in 2023. The increase was due to both the growing demand of clients for mobile communication services and the policy of the Company aimed at meeting these needs.

Development of mobile networks in rural areas

Kcell JSC continues to actively work to eliminate the 'digital inequality' between urban and rural residents. The Company has become one of the key participants in the '250+' program adopted in 2020 by Kazakhstan mobile operators. The goal of the program is to provide rural settlements with a population

of 250 people with mobile BBA. In addition, the Company is implementing its own program to expand mobile BBA coverage and improve the quality of communication in rural areas.

ACTIVITIES OF KCELL JSC TO DEVELOP MOBILE NETWORKS IN RURAL AREAS

2020	2021	2022	2023
<ul style="list-style-type: none"> Work was carried out in 519 settlements, including 329 settlements within the framework of the '250+' program and 130 settlements on our own initiative; A total of 550 base stations were activated. 	<ul style="list-style-type: none"> 245 base stations were launched in 216 settlements, including 104 stations within the framework of license obligations and 112 stations – on own initiative; In 29 settlements, the quality of communication was improved through the introduction of LTE technology. 	<ul style="list-style-type: none"> A total of 258 base stations have been activated; 35 settlements have been provided with communications as part of license obligations; 107 settlements have been provided with LTE network coverage; 45 settlements have been provided with 3G and 4G network coverage; The quality of mobile BBA has been improved in 59 settlements due to the implementation of the LTE standard; The quality of mobile BBA has been improved in 12 settlements due to the installation of additional base stations operating in the 3G format. 	<ul style="list-style-type: none"> A total of 204 base stations were activated in 188 rural settlements, including 52 3G base stations in 52 settlements, 152 4G base stations in 136 settlements; 126 base stations were introduced within the framework of the '250+' program, 78 stations – within the framework of our own mobile network development program; Access was obtained to 164 base stations of Tele2 and Beeline networks operating in rural areas.

B2C segment development

KCell SuperApp mobile platform. In 2023, Kcell/activ mobile application ranked the 6th among all mobile applications in Kazakhstan according to FORBES and was the 2nd in the ranking of applications among telecommunication operators in Google Play and App Store. The monthly active users (MAU) of SuperApp increased by 7% in 2023.

New mobile services. In 2023, the main innovations in the B2C segment were related to the introduction of 5G technologies. Subscribers were able to connect to the following services:

- **“Take 5G”.** The service was launched in July 2023 and enabled subscribers to get 50 GB of 5G data for free. The service was available on select activ and Kcell tariffs, subject to payment of the tariff fee.
- **“Top unlimited”.** The option that upgrades tariff plans has been in effect since July 2023 and gives subscribers the opportunity to get unlimited access to social media, video services and messengers. The cost varies between 990-1,990 tenge/month, depending on the tariff plan.
- **Roaming.** During 2023, roaming was organized with 32 operators in 25 countries of the world that have 5G networks and launched them into commercial operation, and Kcell/activ subscribers were able to take advantage of all the benefits of high-speed Internet access. We changed the geography of roaming package filling and increased the number of countries to 75. We made a super offer for travellers to 6 countries of the world, having provided our subscribers with double bonus Internet traffic in the Maldives, Turkey, the Emirates, Uzbekistan, Kyrgyzstan, and the Russian Federation. Roaming revenues reached an all-time high of 43.6% growth to 2022 over the period under review.
- **Kcell Auleti.** The service gives the client access to high-speed mobile Internet within the 5G coverage area. The application for service connection is made online with biometric identification of the client after which the Company representatives deliver the equipment directly to the home. More than 2,000 applications from potential subscribers were received in the first few days of the launch.

Mobile finances. In 2023, the active development of the first full-fledged ‘Neobank’ project in the RK continued in partnership with a partner bank and international payment system MasterCard; in particular, the functionality of loading a card into a GooglePay wallet was implemented, numerous marketing campaigns were launched, including a travel by the tube railroad of Almaty for 1 tenge. Kcell subscribers can instantly open a full-fledged debit multicurrency card online using a mobile application, getting the opportunity to replenish the card for free from the balance of a mobile phone, as well as participate in the OGO Bonus loyalty program – with a reward for non-cash payments of up to 99% of the purchase amount. In 2023, more than 90 thousand cards were issued.

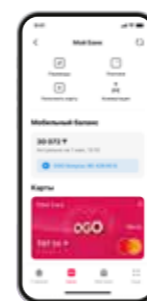
The total turnover of mobile financial services increased during the reporting year as compared to the previous year by 56%; MAU increased by 11% by the end of the year. The number of issued OGO Cards increased by 65% over the reporting year.

The year 2023 was a year of new achievements for the Mobile Financial Services (MFS) business line as part of the implementation of a long-term strategy. The key areas are:

- further development of the first ‘Neobank’ in Kazakhstan following the example of the best global practices;
- expansion of one of the best loyalty programs in the country based on the experience and expertise of international payment systems;
- wider involvement of Kcell subscribers in the use of MFS services to increase such indicators as NPS (more than twice higher than the Company’s average) and MultiPlay (the use of several telecommunication operator services is almost 30%).

MFS turnover in the NonBetting category more than doubled in 2023. The year 2023 was a record year for the size of the active monthly MFS user base: this year this figure increased by 25%.

OGO BANK LINE PRODUCTS

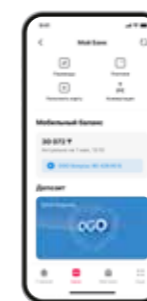


OGO CARD

Jusan Bank virtual payment card

Specialities

Accrual of bonuses for purchases anywhere in the world in the amount equal to 2 to 50% of the payment amount, free issue and maintenance, free card replenishment from the balance of the Kcell/activ phone for up to 600,000 tenge per month, multi-currency account, contactless payment via Google Pay, Apple Pay, Samsung Pay

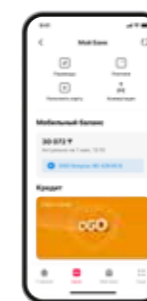


OGO DEPOSIT

Deposit with the possibility of partial withdrawal and replenishment (KZT, USD, EUR)

Specialities

Opening for 6 and 12 months with automatic prolongation, opening and maintaining a deposit is available online via Kcell/activ mobile application

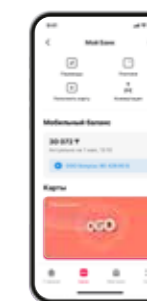


OGO CREDIT

Unsecured loan

Specialities

Term up to 5 years, for an amount from 30 thousand to 8 mln tenge, receiving online in Kcell/activ mobile application without income verification, online payment of loan using OGO card



OGO INVEST

Investment account

Specialities

Opening an account online via Kcell/activ mobile application, free maintenance, no minimum account replenishment amount, consultation and assistance in choosing investments

Results of operations in business segment

At the end of 2023, revenue in the B2B segment increased by 5% as compared to the previous year, while revenue from the implementation of IoT (Internet of Things) projects increased by 70%.

In the industrial solutions segment (deployment of private networks), revenue increased by 300%.

During the reporting year, 3 new corporate pLTE networks were launched at remote production facilities, and the contour of 2 existing networks was expanded.

Commercial coverage was deployed at 11 different sites throughout Kazakhstan for 7 clients.

Large Kazakhstan enterprises are implementing private networks (Private LTE) for greater penetration of IT technologies. To date, Kcell has installed 34 base stations at mining and metallurgical enterprises’ facilities

and deployed a Private LTE network, which will allow the Company solving several problems at once – to automate a number of business processes, establish inter-machine M2M communications, implement data exchange via IoT sensors and much more.

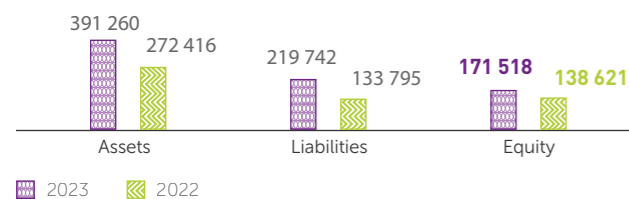
The Digital Policeman project deserves special attention; its implementation began in 2023 and will be completed in 2025. The project is being implemented jointly with the Ministry of Internal Affairs of the Republic of Kazakhstan and involves connecting over 7 thousand devices in 11 regions to the IoT.

A new tariff line Nomad for corporate clients of Kcell JSC was launched. The key advantage is doubled traffic in the 5G network, which will allow using the fifth generation high-speed Internet technology for business development.

FINANCIAL PERFORMANCE

GRI 201-1, 201-4

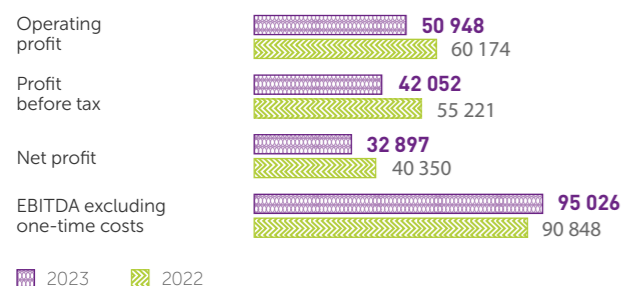
BALANCE STRUCTURE, mln tenge at the end of the period



The book value of the Company's assets increased by 43.6% in 2023 and amounted to 391.3 bln tenge. The growth of the indicator was mainly due to the value of property, plant and equipment and intangible assets.

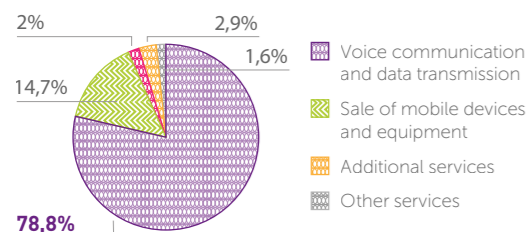
Equity increased by 23.7% due to an increase in retained earnings. Liabilities increased by 64.2% mainly due to an increase in long-term loans and long-term lease liabilities.

PROFIT PERFORMANCE, mln tenge for the period



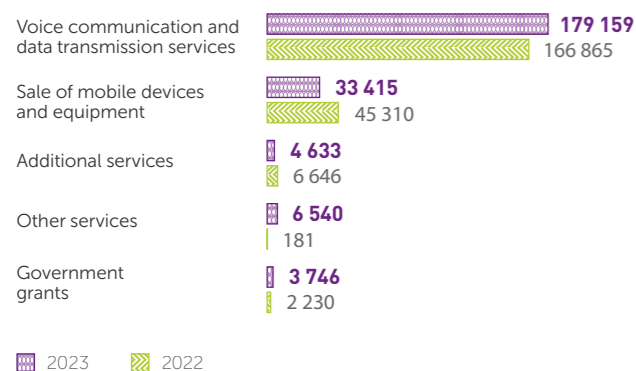
Operating profit of the Company decreased by 15.3% as compared to the previous year. At the same time, profit before tax and net profit decreased by 23.9 and 18.5% due to the growth of selling expenses, as well as finance costs and operating expenses.

STRUCTURE OF OPERATING INCOME FOR 2023



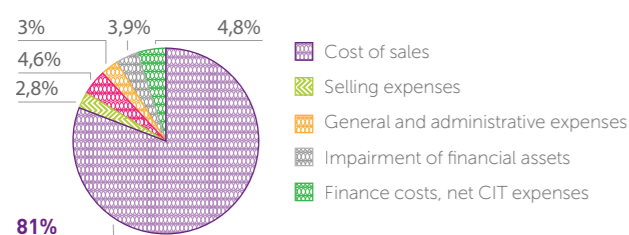
The Company's operating income increased as compared to 2022 by 2.8% and reached 227.5 bln tenge. The share of voice communication and data transmission services in the structure of operating income was 78.8%, the second most important income item is the sale of mobile devices and equipment, which accounts for 14.7%.

OPERATING INCOME, mln tenge for the period



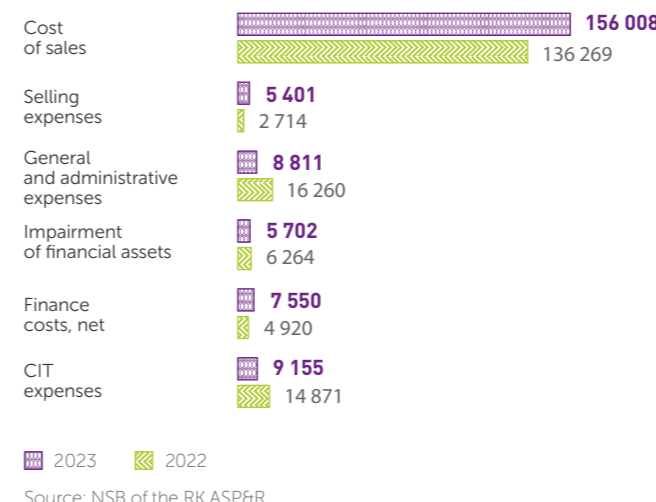
Income from providing voice communications and data transmission services increased by 7.4% compared to 2022, while income from sales of mobile devices and equipment decreased by 26.3%.

STRUCTURE OF THE COMPANY'S EXPENSES IN 2023



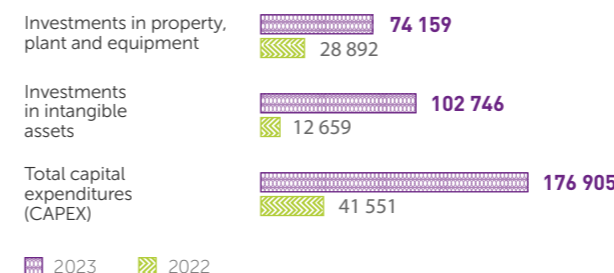
In the structure of the Company's expenses, the largest share is taken by the cost of sales, which accounts for 81.0% of total expenses. Significant items are also general and administrative expenses (4.6%) and CIT expenses (4.8%). Other types of expenses account for a total of approximately 9.6% of total expenses.

COMPANY'S EXPENSES, mln tenge for the period



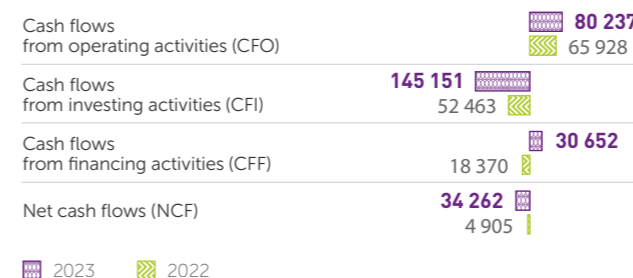
Cost of sales increased in 2023 as compared to 2022 by 14.5% and amounted to 156.0 bln tenge. There was also an almost twofold increase in selling expenses and net finance costs (by 53.5%). At the same time, general and administrative expenses decreased by 45.8%, expenses related to impairment of financial assets – by 9.0%, CIT expenses – by 38.4%.

INVESTMENTS AND CAPITAL INVESTMENTS, mln tenge for the period



The amount of capital investments increased by 4.3 times compared to 2022 and exceeded the amount of 176.9 bln tenge. At the same time, investments in intangible assets increased by 8.1 times (from 12.7 to 102.7 bln tenge), investments in property, plant and equipment – by 2.6 times (from 29.0 to 74.1 bln tenge).

CASH FLOWS, mln tenge for the period

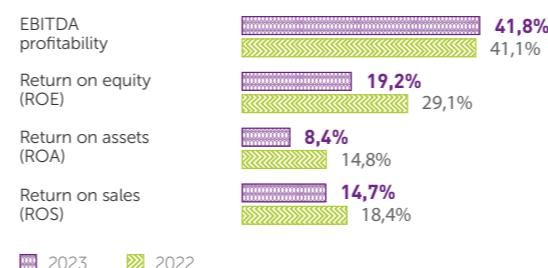


Cash flows from operating activities increased by 14.3 bln tenge as compared to 2022 and amounted to 80.2 bln tenge. At the same time, net cash flow remained negative and amounted to minus 34.3 bln tenge (minus 4.9 bln in 2022).

Negative cash flows from investing activities increased due to increased expenses to acquire property, plant and equipment and intangible assets.

Cash flow from financing activities was positive due to a significant amount of borrowed funds.

PROFITABILITY RATIO



Return on assets decreased from 14.8 to 8.4%, return on sales – from 18.4 to 14.7%, return on equity – from 29.1 to 19.2%. At the same time, EBITDA profitability increased from 41.1 to 41.8%.

TAXATION

GRI 207-1, 207-2, 207-3

In its activities, Kcell JSC adheres to regulated procedures for tax accounting and reporting, tax accounting records are kept in strict accordance with the requirements of the tax laws. The Company strives for transparent interaction with tax authorities, with ensuring the provision of all necessary accounts within the deadlines set in accordance with the requirements of the legislation. The Company does not operate in low-tax jurisdictions and does not use aggressive tax planning methods.

The total tax payments made by Kcell JSC amounted to 34.6 bln tenge in 2022, and 116.4 bln tenge in 2023. The increase in tax payments is associated with obligations resulting from the acquisition of rights to use frequencies in the 3600-3800 MHz range for the deployment of a 5G network.

AMOUNTS OF TAXES AND OTHER COMPULSORY PAYMENTS PAID/MADE BY KCELL JSC, mln tenge for the year

Type of tax	Rate	2021	2022	2023
CIT	20.0%	7,608.8	12,901.2	13,852.4
VAT	12.0%	11,815.2	13,224.6	13,240.9
IIT	10% of salary of a resident employee, 20% of earnings of non-residents	1,268.4	1,578.0	2,540.0
Social tax	9.5% of salary of an employee	1,007.8	1,135.4	1,414.8
Fee for use of radio-frequency spectrum	To be set by the RK Government	1,701.1	1,636.9	80,455.1
Fee for providing intercity and (or) international telephone communication and cellular communication	To be set by a competent authority	1,459.6	2,169.5	2,423.6
Other taxes and compulsory payments	In accordance with the tax laws	710.0	2,001.9	2,486.0
Total tax payments	–	25,570.9	34,647.5	116,412.8

PROCUREMENT PRACTICE

GRI 415-1

Procurement processes are managed in accordance with the regulatory documents of the competent authority in charge of procurement of SWF Samruk-Kazyna JSC (hereinafter referred to as the SWF) and internal documents of the Company. The procurement process management tool is the SWF electronic procurement information system.

- timely provision of necessary goods, works and services of the required quality;
- openness and transparency of the procurement process; and
- control and responsibility for decisions made.

In 2023, the Company procured goods and services in the amount of 88.6 bln tenge. The share of local content in the procured goods was 1.27%, services – 9.85%.

When making procurements, the Company is guided by the following principles:

- cost minimization;

COMPANY'S PROCUREMENTS IN 2023

Plan 2023	102 bln tenge
Quantity of contracts concluded	894
Quantity of suppliers	559
Amount of contracts concluded	88.6 bln tenge
Procurement plan implementation	94.74%
Saving	5.2 bln tenge
Share of procurements made in competitive methods, % of total contract amount	48.69%
Share of local content in procured goods	1.27%
Share of local content in procured works/services	9.85%



04

SUSTAINABLE DEVELOPMENT MANAGEMENT

Current ESG Profile of the Company
Strategic Sustainable Development
Priorities of the Company

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Company's Contribution to Achievement
of the UN Sustainable
Development Goals

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CURRENT ESG PROFILE OF THE COMPANY

GRI 2-13, 2-14, 2-16, 2-24, 2-25

In order to assess the current ESG profile of the Company, a SWOT analysis was carried out during which the strategic aspects of the Company's development in the context of sustainable development were clarified. The SWOT analysis revealed a number of risks (investment, regulatory and reputational) that may affect the investment attractiveness and operational stability of the Company in the context of sustainable development.

In particular, there is a risk of reducing investment attractiveness due to insufficient transparency in disclosing climate risks, changes in regulatory requirements in the field of ICT services and regulatory pressure, especially in the field of ESG.

Specific strategies are proposed to minimize these risks. In terms of the environmental aspect, the Company can improve its transparency and responsibility regarding climate risks by implementing a GHG emissions registration system and implementing an environmental management system in accordance with international standards.

Social risks can be mitigated through investment in human capital, including the development of a human rights risk map and the active application of international standards.

The management aspect requires careful adherence to international standards GRI, IFRS S1 and S2, as well as active participation in the CDP program for disclosing the carbon footprint. These steps will not only help the Company to cope with regulatory pressure, but also improve its reputation and investment prospects.

SWOT ANALYSIS OF ESG PROFILE OF KCELL JSC



Strengths



Weaknesses



O – Opportunities



T – Threats

ENVIRONMENTAL ASPECT

- Work is underway to improve the company's environmental profile through an analysis of the current status and potential for improvement.
- Efforts are being made to create the Company's environmental policy and ESG strategy.
- The Low-Carbon Development Program of the Company is being developed.
- Target indicators for reducing greenhouse gas emissions are being developed.
- An energy audit of the company is planned.
- Separate waste collection has been implemented in the company's offices.
- An electronic document management system has been implemented.
- The 5G technology sleep mode function can reduce the static energy consumption of telecommunications equipment, increasing energy efficiency by 10 times compared to 4G.
- The transition to new wireless communication standards has led to a significant improvement in energy efficiency in kilowatt-hours per gigabyte of data.
- Higher energy consumption when switching to 5G technology
- The Company does not have products and/or services that are classified as low-carbon products
- The Company does not have a procedure for monitoring the impact of the Company's activities with respect to biodiversity
- Introduction of quantitative targets for environmental protection aspects (reduction of waste generation, reduction of GHG emissions)
- Definition of products, activities and services aimed at achieving sustainable development goals
- Assessing the current level of biodiversity within the areas of the Company's operations
- Registering and assessing transitional climate risks (in accordance with TCFD recommendations)
- Attracting 'green investments' to implement measures to reduce GHG emissions
- Expensive low-carbon technologies
- Toughening requirements for environmental standards, including for the telecommunication industry
- Extreme weather conditions can cause reputational damage to businesses and infrastructure
- Reduced investment attractiveness due to insufficient disclosures of climate risks

SOCIAL ASPECT

- Industry policy on freedom of expression in the telecommunications sector
- Developed occupational safety and health management system
- Developed feedback mechanism system
- Availability of a system of social support for employees
- Register of risks in the field of employee management, including description of mitigation measures
- Developed system of training and advanced training
- Accessibility of ICT services by accessibility area
- Developed system of individual and/or team assessments of employee performance management
- Company's privacy policy in respect of data protection
- No collective agreement
- No diversity and discrimination policies and management mechanisms
- No gender pay equity programs
- No local community engagement policies and management mechanisms
- No long-term incentives for employees
- No freedom of association
- No privacy protection disclosure
- Increasing the level of education of the population through ICT technologies
- Investing in human capital
- Increasing the Company's income by expanding the provision of online services
- Managing human rights risks
- Possibility of introducing new applications and platforms to optimize resources
- Possibility of introducing new applications and platforms that meet the demand of stakeholders in the field of human rights
- Possibility of introducing a risk map in the field of human rights
- Improving safety indicators for personnel and contractors of the Company
- Increasing the percentage of qualified personnel
- Improving the dynamics of employee well-being
- Economic situation affecting the decline in real income of the population
- Dependence on the central communication channel in Almaty
- Changes in regulatory and legislative requirements of ICT services

CORPORATE GOVERNANCE

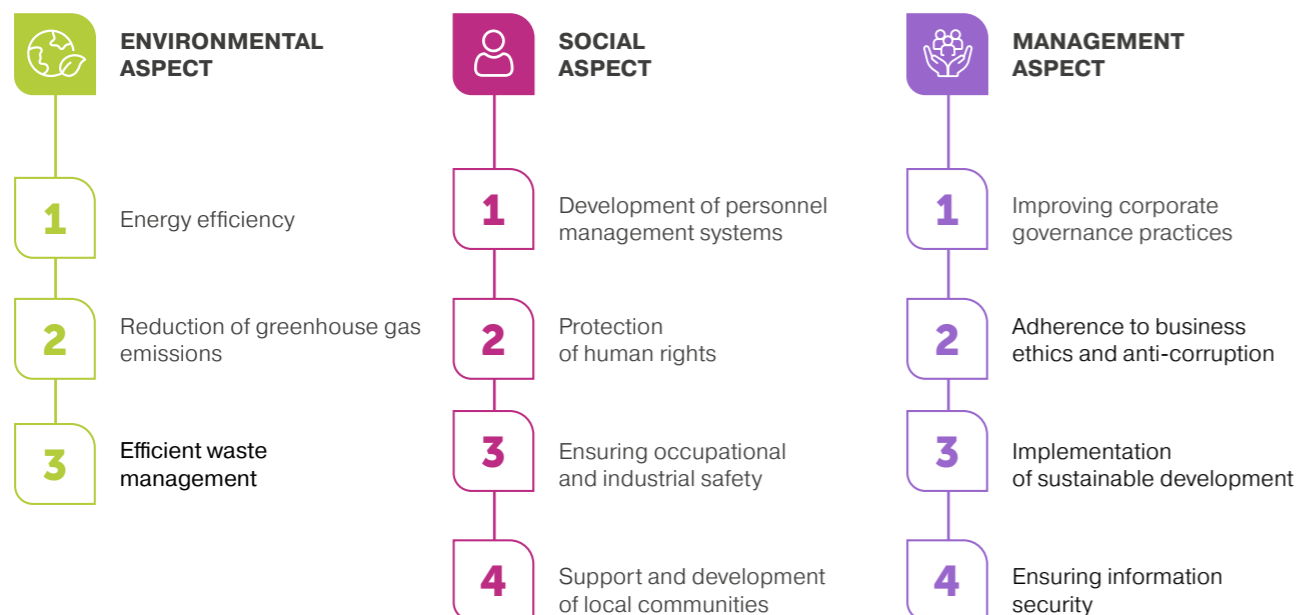
- High proportion of independent directors on the Board of Directors
- There is the Committee for Audit and Sustainable Development under the Board of Directors
- Active participation in projects to develop the digital economy and provide access to information resources
- Diversified portfolio of products and services
- Sustainable development principles are integrated into the operational and strategic activities of the Company through various corporate documents, such as policies, codes, articles of Associations, development strategy and LCDP (Low-Carbon Development Program)
- Priorities in achieving the SDG are defined
- ESG goals are set and key performance indicators are defined
- The Board of Directors and top management of the Company are actively involved in sustainable development issues
- Insufficient transparency of ESG reporting
- Low representation of women in the Management Board and the Board of Directors
- Dependence on government regulation and control
- No diversity policy of the Board of Directors has been developed, which defines specific requirements for taking into account diversity factors when appointing members to the Board of Directors
- Low transparency of top management remuneration
- The system for assessing employee performance does not provide for employee remuneration related to compliance with the standards / Code of Conduct and reporting corruption in the Company
- Rapid technological changes and innovations that are successfully implemented in the Company
- Local economic growth
- Attracting investments through the integration of ESG into the Company's operations
- Increasing market share to expand the customer base and strengthen market positions.
- Ability to create value through the design of new products and services using sustainable development principles
- Getting a high ESG rating using international standards GRI, IFRS S1, S2 and disclosing the carbon footprint in CDP
- Increasing social responsibility and partnerships to improve ESG practices and their integration into the business processes of the Company
- Creating a precedent for the implementation of an ESG program for suppliers, with identifying and eliminating significant risks when interacting with suppliers and enabling them to develop and reduce the negative impact on ESG factors
- Data security incidents due to unauthorized logins in system, leakage of confidential data
- Risk of geopolitical conflicts, political instability and changes in the political governance structure that may impact the business sphere
- Regulatory risk: increasing pressure from regulators and investors in the ESG area requiring additional efforts and attention in this area
- Potential sanctions and restrictions at the international level
- Risk of reduced financial stability. The threat of a slowdown in global economic growth, potential problems due to the economic crisis in the form of increased inflation and lack of liquidity
- Possibility of legal disputes or legal proceedings requiring attention and resources to resolve, especially in the area of antitrust policy and confidentiality

STRATEGIC SUSTAINABLE DEVELOPMENT PRIORITIES OF THE COMPANY

GRI 2-13, 2-14, 2-23, 2-24, 2-25

Based on the assessment of the current ESG profile, Kcell JSC has identified 11 sustainable development

priorities the implementation of which is planned for 2024–2032.



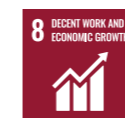
COMPANY'S CONTRIBUTION TO ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

GRI 2-24

Kcell JSC fully shares the goals and objectives of the UN Global Agenda for Sustainable Development enshrined in UN General Assembly Resolution 70/1 dated 15 September 2015 – Transforming our world: the 2030 Agenda for Sustainable Development. The Company recognizes the importance of all 17 Sustainable Development Goals of the UN Global Agenda and strives to contribute to their achievement. Taking into account the operational profile of the Company and its business model, 8 of the 17 goals are the most relevant for it to the achievement of which it directly contributes within the framework of its core business.

The integration of priority SDGs into the ESG strategy of Kcell JSC represents a strategic impetus, with combining efforts and development directions within the framework of a sustainable business model. Covering a wide range of environmental, social and economic issues, SDGs provide an integrated approach to achieving sustainable development of the Company promoting risk minimization. This approach not only contributes to the achievement of sustainable development goals, but also contributes to improving the overall efficiency of the Company. Alignment of the ESG strategy with the UN SDGs meets the needs of stakeholders ensuring a competitive advantage for Kcell JSC in the long term.

Kcell JSC contribution to achieve a goal



SDG 8: Promoting progressive, comprehensive and sustainable economic growth, full and productive employment and decent work for all

- Ensuring fair and inclusive employment practices within the Company, including ensuring equal opportunities for all, supporting diversity and a discrimination-free work environment.
- Promoting employee training and development programs to enhance their skills and capabilities.
- Promoting innovation and entrepreneurship within the Company to drive economic growth and create additional jobs.
- Collaborating with suppliers and partners that adhere to responsible business practices.



SDG 9: Building stable infrastructure, promoting comprehensive and sustainable industrialization and innovations

- Investing in research and development to drive innovation in telecommunications technologies and infrastructure.
- Ensuring access to reliable services of the Company, especially in remote rural areas of Kazakhstan.
- Actively participating in digital transformation to improve efficiency and productivity while minimizing environmental impact.
- Collaborating with relevant stakeholders to promote sustainable development of the Company's infrastructure.



SDG 10: Reducing inequalities within and among countries

- Promoting digital technology coverage by providing inexpensive and accessible service companies to marginalized communities in the country.
- Improving corporate social responsibility programs aimed at eliminating inequality among national minorities and social inequalities.
- Building partnerships with non-governmental organizations and social groups to support initiatives aimed at reducing inequality.
- Promoting diversity and inclusion in the workplace by ensuring equal opportunities for all employees.



SDG 11: Making cities and population centres open, safe, viable and environmentally sustainable

- Supporting smart city initiatives: providing solutions to improve the efficiency and sustainability of cities.
- Promoting responsible energy consumption and production by offering environmentally friendly products and services.
- Investing in renewable energy sources and energy-efficient technologies to reduce environmental impact.
- Engaging with local communities to satisfy their specific needs and contribute to sustainable urban development.



SDG 17: Strengthening the means of implementation and revitalizing the Global Partnership for Sustainable Development

- Collaborating with other companies, government institutions and non-profit organizations to jointly achieve the SDGs.
- Sharing best practices and knowledge to advance sustainable development initiatives.
- Engaging in public-private partnerships to use resources and expertise for sustainable development projects.
- Providing transparency on progress and impact, with promoting transparent accountability and confidence.



05

CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE SYSTEM

The Company's corporate governance structure, principles and procedures are enshrined in the Corporate Governance Code of Kcell JSC (CGC) approved by the General Meeting of Shareholders of the Company on 24 May 2021. The purpose of adopting the Code is to improve and systematize the corporate governance of the Company, ensure greater transparency of its management and confirm the Company's commitment to follow the proper corporate governance standards.

In accordance with the provisions of the CGC, corporate governance means a set of processes that ensure the management and control of the Company's activities and include relations between shareholders, the Board of Directors, the Management Board, other bodies of the Company and stakeholders. The Company considers corporate governance as a tool for enhancing the efficiency of the Company's operations, strengthening its reputation and reducing costs when raising capital.

CORPORATE GOVERNANCE PRINCIPLES OF KCELL JSC

Protection of the Shareholders' rights and interests	Corporate governance is based on the principle of protection and respect of the rights and legitimate interests of shareholders and contributes to the effective operation of the Company, including the growth of its assets, maintenance of financial stability and profitability.
Efficient management of the Company by the Board of Directors and the Management Board	The activities of the Board of Directors are based on the principles of maximum compliance and safeguard of the interests of shareholders and are aimed at increasing the market value of the Company. The basic principles in the activities of the Management Board are legality, honesty, integrity, reasonableness, regularity, professionalism, objectivity.
Transparency and objectivity of disclosures of the Company's operations	The Company strives to ensure maximum transparency through timely and accurate disclosure of reliable information to shareholders and other stakeholders, including information about its financial position, economic indicators, efficiency, ownership structure and management system.
Legality and ethics	The Company operates in strict accordance with the legislation and generally accepted standards of business ethics, internal regulatory documents and contractual obligations.
Efficient dividend policy	The Company pays dividends in accordance with its dividend policy, legislation, the Articles of Association and relevant resolutions of the General Meeting of Shareholders. When a decision is made to distribute dividends, they are paid in accordance with the legislation.
Efficient personnel policy	The Company guarantees the rights of its employees in accordance with the legislation and the Ethics and Conduct Code of Kcell JSC. The Company develops partnerships with its personnel to address social issues and regulate working conditions.
Sustainable development	Recognizing the importance of its impact on the economy, environment and social development in the country, the Company strives to ensure its sustainable development in the long term, while balancing the interests of shareholders and improving its performance in the future.
Settlement of corporate conflicts and conflicts of interest	The members of the Board of Directors and the Management Board, together with average executives, reasonably approach in good faith the performance of their professional duties, exercise due care and prudence, while acting in the interests of the Company and its shareholders and avoiding the conflict of interest. The Company's officials immediately report any conflict of interest that arises to the Corporate Secretary.

SHARE CAPITAL

The share capital of the Company comprises 200,000,000 fully paid ordinary shares with a par value of 169 tenge per share. The controlling interest in the Company is held by Kazakhtelecom JSC, which is controlled by the Government of the Republic of Kazakhstan through Sovereign Welfare

Fund Samruk-Kazyna JSC. The full list of shareholders as of 31 December 2022 and 31 December 2023 is presented in the table below.

CHANGES IN THE STRUCTURE OF HOLDERS OF SHARE CAPITAL DURING THE REPORTING PERIOD

	31 December 2023	31 December 2022
Kazakhtelecom JSC	51.00%	51.00%
G.Sh. Yessenov	14.87%	–
First Heartland Jusan Bank JSC	9.08%	9.08%
Single Accumulative Pension Fund JSC	7.06%	7.06%
ZHASSYL DAMU JSC	2.59%	–
KAZPOST JSC	2.36%	0.30%
FREEDOM FINANCE GLOBAL Public Company	2.31%	0.004%
T.R. Turlov	2.19%	2.60%
FREEDOM FINANCE LIFE JSC	1.80%	–
Raiffeisenbank JSC	1.54%	1.54%
WISDOMPOINT CAPITAL LTD	1.05%	0.21%
FREEDOM SECURITIES TRADING INC	0.66%	0.96%
JOIQ LLP	0.54%	0.17%
FREEDOM FINANCE EUROPE LTD	0.28%	0.70%
PIONEER TECHNOLOGIES S.A.R.L.	–	14.87%
AROYGROUP LLP	–	1.39%
EVEREX LLP	–	1.16%
Other shareholders	2.67%	8.96%
Total	100.00%	100.00%

SHAREHOLDERS' RIGHTS

The Articles of Association of Kcell JSC (hereinafter – the Articles of Association) approved by the General Meeting of Shareholders on 29 May 2019 fully provide for the rights of shareholders as provided for by Kazakhstan legislation. In particular, a shareholder has the right to:

- participate in management of the Company in the manner prescribed by the legislation and (or) the Articles of Association;
- if the holder, individually or jointly with other shareholders, has five or more percent of the voting shares, propose to the Board of Directors to include additional issues in the agenda for the General Meeting of Shareholders;
- receive dividends;
- receive information concerning activities of the Company and review its financial statements in the manner determined by the General Meeting of Shareholders or the Articles of Association;
- receive statements from the central depository or nominal

holder confirming its ownership of the securities;

- propose to the General Meeting of Shareholders of the Company the candidates to be elected to the Board of Directors of the Company;
- contest judicially the resolutions adopted by the Company's bodies;
- if the holder, independently or jointly with other shareholders, has five or more percent of the voting shares of the Company, file a claim to the judicial authorities on its own behalf in cases stipulated by the legislation for compensating the Company by its officials for damages caused to the Company and for refunding to the Company by its officials and (or) their affiliates of the profit (income) received by them as a result of making decisions to conclude (offer to conclude) major transactions and (or) third-party transactions;
- make written inquiries to the Company concerning its activities and receive reasoned responses within

thirty calendar days from a date of receipt thereof by the Company;

- receive a share of the property in case of liquidation of the Company;
- have a pre-emptive right to purchase shares or other securities of the Company convertible into its shares, in the manner prescribed by the legislation, except for cases stipulated by legislative acts of the Republic of Kazakhstan;
- participate in the adoption of a decision by the General Meeting of Shareholders to change the number of shares in the Company or change their type in the manner prescribed by the legislation; and
- have additional rights in accordance with the Law of the Republic of Kazakhstan On Joint-Stock Companies and these Articles of Association.

A major shareholder holding 10% of the voting shares or more, or several shareholders holding in total 10% of the voting shares or more and acting on the basis of an agreement concluded between them, have the right to:

- demand to convene an extraordinary General Meeting of Shareholders or file a claim to a court in case the Board of Directors refuses to convene the same;
- demand to convene a meeting of the Board of Directors; and
- demand that an audit organization conduct an audit of the Company at the shareholder's expense.
- Shareholders having, individually or jointly with other shareholders, five or more percent of the voting shares of the Company have the right to receive information on the amount of remuneration for the year of an individual member of the Board of Directors and (or) the executive body of the Company, provided that the following conditions are met simultaneously:
- if the court establishes the fact of intentional misleading of the shareholders of the company by this member of the Board of Directors and (or) the executive body of the Company in order to enable him (them) or his affiliates to derive profit (income); and
- if it is proven that unfair acts and (or) omission of this member of the Board of Directors and (or) the executive body of the Company resulted in losses of the Company.

DIVIDEND DISTRIBUTION

The General Meeting of Shareholders shall decide on dividend distribution. Dividends on ordinary shares may be distributed based on the results of the year, half-year and/or quarter after the audit of the financial statements for the relevant period.

No dividends were distributed in 2022 and 2023. In 2021, dividends were distributed in the amount of 17 bln 578 mln tenge.

GOVERNING BODIES

GRI 2-9

➤	GENERAL MEETING OF SHAREHOLDERS	supreme governing body
➤	BOARD OF DIRECTORS	a governing body responsible for developing the strategy of the Company, general management of its activities and control over the activities of the Management Board
➤	MANAGEMENT BOARD	a collegial executive body that manages the current activities of the Company and implements the strategy determined by the Board of Directors and the General Meeting of Shareholders
➤	INTERNAL AUDIT SERVICE	a body controlling the financial and economic activities of the Company, assessing the effectiveness of internal control and risk management

GENERAL MEETING OF SHAREHOLDERS GRI 2-9

The exclusive competence of the General Meeting of Shareholders shall include:

- making amendments and alterations to the Articles of Association of the Company or approving a new version thereof;
- approving the CGC, as well as making amendments and additions thereto;
- adopting resolutions on voluntary reorganization and liquidation of the Company;
- adopting a resolution on increasing the number of authorized shares of the Company or changing the type of unallocated authorized shares of the Company;
- determining the terms and procedure for converting the Company's securities, as well as changing them;
- adopting a resolution on the issue of securities convertible into ordinary shares of the Company;
- adopting a resolution on the exchange of allocated shares of one type for shares of another type, determining the conditions, terms and procedure for such exchange;
- determining the number of members and the term of office of the counting commission, the election of its members and early termination of their powers;
- determining the number of members, the term of office of the Board of Directors, election of its members and early termination of their powers, as well as determining the amount and terms of payment of remuneration and compensation for expenses to members of the Board of Directors for the performance of their duties;
- determining the audit organization to audit the Company;
- approving the annual financial statements of the Company;
- approving the procedure for distributing the Company's net income for the reporting financial year, adopting a resolution on the distribution of dividends on ordinary shares and approving the amount of dividend per one ordinary share of the Company;
- adopting a resolution on the distribution of dividends based on the results of a quarter, half-year, on the distribution of retained earnings, approving the amount of dividends per one ordinary share of the Company;
- adopting a resolution on non-distribution of dividends on ordinary shares of the Company;
- adopting a resolution on voluntary delisting of the Company's shares;
- adopting a resolution on the Company's participation in the establishment or activities of other legal entities

or retirement as a member (shareholder) of other legal entities by transferring (receiving) a part or several parts of assets in the amount equal to 25 (twenty-five) or more percent of all assets owned by the Company;

- determining the form of the Company's notification of shareholders of convocation of the General Meeting of Shareholders;
- approving amendments to the methods (approving the methods unless they have been approved by the founders' meeting) for determining the value of shares when they are bought out by the Company in informal market in accordance with the Law;
- approving the agenda of the General Meeting;
- determining the procedure for providing shareholders with information concerning the Company's activities unless such procedure is determined by the Articles of Association;
- introducing and cancelling the 'golden share';
- adopting a resolution on the Company's conclusion of a major transaction, which results in the Company's (potential) acquisition or alienation of property the value of which is equal to 50 (fifty) or more percent of the total book value of the Company's assets on a date of the resolution on the transaction as a result of which 50 (fifty) or more percent of the total book value of its assets is acquired or alienated (may be acquired or alienated);
- approving the dividend policy of the Company; and
- other issues the adoption of resolutions on which is referred by the Law and (or) the Articles of Association to the exclusive competence of the General Meeting.

The procedure for holding the General Meeting of Shareholders ensures that all shareholders have an equal opportunity to exercise their rights to participate in the General Meeting of Shareholders. Shareholders may vote in person or without personal presence (by proxy issued to a third party). The rules of procedure of the General Meeting of Shareholders are based on reasonable sufficiency and the possibility of a broad discussion of the agenda items and the adoption of reasonable resolutions thereon.

BOARD OF DIRECTORS

GRI 2-9, 2-10, 2-11, 2-12, 2-16, 2-18, 2-19, 2-20, 202-2, 405-1

The Board of Directors is a governing body accountable to the General Meeting of Shareholders and bearing overall responsibility for the management of the Company, ensuring strategic management of the Company and control over the activities of the Management Board.

The exclusive competence of the Board of Directors includes the following issues:

1. determining the priority directions of activity (development), strategic goals and projects (development strategy) of the Company, monitoring their implementation, and approving the Company's development plan;
2. approving the Company's policies or other internal documents on key issues of the Company's activities, except for cases where such policies or other documents are referred to the competence of other bodies of the Company;
3. adopting a resolution on convocation of an annual and extraordinary General Meeting;
4. adopting a resolution on allocation (offer), including the number of shares to be allocated (offered) within the number of authorized shares, the method and price of their allocation (offer), in compliance with the requirements of the Law;
5. adopting a resolution on the Company's repurchase of allocated shares or other securities and their repurchase price;
6. preliminarily approving the annual financial statements of the Company;
7. approving the annual report of the Company;
8. forming and appointing members of the committees of the Board of Directors, electing their members, approving the regulations on the committees of the Board of Directors;
9. determining the terms of issue of the Company's bonds and derivative securities, as well as adopting a resolution on their issue;
10. determining the quantity, term of office of the members of the Company's Management Board, electing a Chairman and members of the Management Board, as well as early terminating their powers;
11. determining the amounts of official salaries and terms of remuneration and bonuses of a Chairman and members of the Management Board;

12. approving the Regulations on the Company's Management Board;
13. approving the forms of standard employment contracts concluded with a Chairman and members of the Management Board;
14. approving succession planning programs for members of the Management Board and other employees of the Company in accordance with the list approved by the Board of Directors;
15. determining the quantity of members, term of office of the internal audit service, appointment of its head and members, as well as early terminating their powers, determining the rules of procedure of the internal audit service, the amount and conditions of remuneration and bonuses of officers of the internal audit service, as well as approving the Regulation on the Internal Audit Service;
16. appointing, determining the term of office of a corporate secretary, early terminating its powers, as well as determining the amount of official salary and conditions of remuneration of the corporate secretary, as well as approving the Regulations on the corporate secretary;
17. determining the amount of payment for services of an audit organization for the audit of financial statements, as well as an appraiser for the assessment of the market value of property transferred to pay for shares of the company or being a subject of a major transaction;
18. approving the documents regulating the Company's internal activities (except for documents adopted by the Management Board for the purpose of organizing the activities of the Company), including an internal document establishing the terms and procedure for holding auctions and subscribing to securities of the Company;
19. adopting resolutions on the establishment and closure of the Company's branches and representative offices and approving their regulations;
20. adopting resolutions on the Company's acquisition (alienation) of 10 (ten) or more percent of shares (interests in authorized capital) of other legal entities;
21. adopting resolutions on issues concerning activities referred to the competence of the General Meeting of Shareholders (Members) of a legal entity 10 (ten) or more percent of shares (interests in authorized capital) of which are held by the Company;
22. increasing the Company's liabilities by 10 (ten) or more percent of the amount of its equity;

23. determining information about the Company or its activities that constitutes official, trade or other legally protected secrets;
24. 24) adopting resolutions on the Company's conclusion of major transactions, with the exception of transactions the resolution on conclusion of which is adopted by the General Meeting in accordance with the Law and these Articles of Association;
25. 25) adopting resolutions on the Company's conclusion of a transaction in which the Company has an interest, with the exception of cases provided for by the Law or the Articles of Association of the Company;
26. 26) approving the annual budget, as well as the accounting policy of the Company;
27. 27) approving the organization structure of the Company;
28. 28) approving the key performance indicators of the Company, individual key performance indicators of the Chairman and members of the Management Board;
29. 29) adopting resolutions on providing a guarantee on behalf of the Company for the obligations of any other legal entity;
30. 30) adopting resolutions on raising external financing;
31. 31) preliminarily considering draft Articles of Association of the Company; the Corporate Governance Code of the Company, dividend policy, including amendments and alterations thereto; as well as making amendments to the methods for determining the value of shares when they are repurchased by the Company in informal market submitted for consideration to the General Meeting of Shareholders on the initiative of the Company;
32. 32) adopting resolutions on other issues provided for by the legislation of the Republic of Kazakhstan

and (or) the Articles of Association, with the exception of issues referred to the exclusive competence of the General Meeting; and

33. 33) determining the quantity of members, term of office of the Compliance Control Service, appointing its head and members, as well as early terminating their powers, determining the rules of procedure of the Compliance Control Service, the amount and terms of remuneration and bonuses for officers of the Compliance Control Service, as well as approving the Regulations on the Compliance Control Service.

In order to facilitate the effective performance of its functions, the Board of Directors forms the committees in charge of the following issues:

- strategic planning;
- personnel and remuneration;
- internal audit;
- sustainable development; and
- other issues provided for by the internal documents of the Company.

Kcell JSC uses a special platform that provides comprehensive protection of the work management and organization process, and also helps to improve information interaction in the Board of Directors and enhance the efficiency of its functioning. According to the provisions of the Company's Articles of Association, the members of the Board of Directors or any committee of the Board of Directors, as well as experts, may participate in a meeting of the Board of Directors or such committee by means of a conference call by telephone or other means of communication that allows all participants in the meeting hearing and speaking with each other.

Principles of appointment to the Board of Directors

Candidates for election to the position of a member of the Company's Board of Directors may be proposed from among:

- the shareholders being individuals;
- persons proposed for election to the Board of Directors as representatives of shareholders; and
- individuals who are not shareholders and not proposed (not recommended) for election to the Board of Directors as a representative of a shareholder.

Candidates and members of the Board of Directors shall have the relevant work experience, knowledge, qualifications, positive achievements necessary to perform their duties, and an impeccable reputation in the business and industry environment and the organization of effective work

of the entire Board of Directors in the interests of shareholders and the Company. A mandatory requirement for candidates for membership of the Board of Directors is the absence of facts of committing offenses in the biography.

No less than 30% of the total number of members of the Board of Directors shall be independent directors. The Company strives to maintain gender and social-and-cultural balance when forming the Board of Directors, provided that candidates have the appropriate professional qualifications and business reputation.

Members of the Board of Directors

During 2023, the following changes occurred in the Board of Directors:

- on 11 October 2023, T.R. Turlov, a member of the Board of Directors, early terminated his powers on his own initiative;
- on 29 November 2023, Ye.T. Ramazanov, an independent director, early terminated his powers on his own initiative;
- on 29 November 2023, by the resolution of the extraordinary General Meeting of Shareholders, the following persons were elected to the current Board of Directors:

Dauren Zhumagaliyevich Kereibayev – a member of the Board of Directors of Kcell JSC, representative of a major shareholder of Kcell JSC Galimzhan Shakhmardanovich Yessenov; and

Sanzhar Yerkebatevich Zhamalov – an independent director of Kcell JSC.

As of 31 December 2023, the Board of Directors consists of 7 members, including six men and one woman. 4 members of the Board of Directors are independent directors.

MEMBERS OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2023

Alexey Buyanov	Chairman of the Board of Directors, independent director
Aliya Kishkimbayeva	representative of Kazakhtelecom JSC
Alexandr Lezgovko	representative of Kazakhtelecom JSC
Jere Calmes	independent director
Pietari Kivikko	independent director
Dauren Kereibayev	representative of a major shareholder of Kcell JSC – Galimzhan Shakhmardanovich Yessenov
Sanzhar Zhamalov	independent director

BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS



ALEXEY BUYANOV

Chairman of the Board of Directors, independent director

Date of birth: 15 August 1969

Nationality: resident of Luxembourg, national of the RF

Shares held in the Company: none

He is holding the office of the chairman of the Board of Directors and is an independent director of Kcell JSC since **25 January 2019**.

On 19 May 2022, at the Annual General Meeting of Shareholders, he was re-elected to be the Chairman of the Board of Directors of Kcell JSC for a 3-year term.

Also, he is an independent director of Kazakhtelecom JSC and director of Bengala Investments.

He graduated from Moscow Physics and Technology Institute (MPTI) specializing in 'Applied Physics and Mathematics', as well as he is a graduate of Oxford Fintech Programme of Said Business School of Oxford University.

From 2002 to 2014, he held the position of the Senior Vice President and Chief Financial Officer, as well as was a member of the Management Board of Systema OJSC – an investment fund the shares of which are quoted on the London Stock Exchange.

From 2014 to 2016 – Managing Director and Head of the Investment Committee of Redline Capital Management S.A.



ALIYA KISHKIMBAYEVA

Representative of Kazakhtelecom JSC

Date of birth: 11 August 1975

Nationality: Republic of Kazakhstan

Shares held in the Company: none

She is a member of the Board of Directors of Kcell since **19 May 2022**.

Since 2019 – Managing Director in charge of legal issues and risks of Kazakhtelecom JSC.

She graduated from the Adilet Higher Law School specializing in 'Jurisprudence', as well as from the department of English language of the Kazakh State University of World Languages.

She has sound experience in the area of telecommunications, as well as oil infrastructure. Previously, she worked in Kcell JSC, PetroKazakhstan Inc., CASP AralParker CJSC.



ALEXANDR LEZGOVKO

Representative of Kazakhtelecom JSC

Date of birth: 15 September 1961

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He is a member of the Board of Directors of Kcell from **19 May 2022**.

He graduated from Almaty Energy Institute specializing in 'Automatic telecommunications'.

He has more than 30 years of experience in the field of telecommunications.

From 1999, he worked in Kazakhtelecom JSC.

From 2007 to 2021, he took the position of the Chief Technical Officer of Kazakhtelecom JSC.

In 2005, the title Kurmetti bailanysshy was awarded.

In 2012, he was awarded with Kurmet order.



JERE CALMES

Independent director

Date of birth: 1 December 1969

Nationality: US

Shares held in the Company: none

He is a member of the Board of Directors of Kcell JSC **from 15 January 2020**.

On 9 May 2022, at the Annual General Meeting of Shareholders, he was re-elected for 3 years.

He has the bachelor degree in Political Science and Economics of the Bates University (Man, US), as well as he completed the management personnel training program of Wharton School of Business.

He has over 20 years of experience in telecommunications and wholesale and retail, with a particular focus on emerging markets. Currently, he holds the position of the CEO of THE ICONIC.

From May 2020 to July 2023, he headed Lamoda Group

From December 2016 to June 2019 – General Director of the Russian subdivision of Metro Cash & Carry.

In previous years, he held various senior positions in the telecommunications sector, including the positions of Deputy General Director of Tele2, General Director of Tele2 Russia, Managing Director of the Italian mobile operator Wind Telecomunicazioni, Managing Vice President and Managing Director of the Moscow office of VEON OJSC, as well as Director of the Customer and Credit Control Department of the mobile operator Orange Egypt.

He was a member of the Management Board of the Ukrainian telecom operator Datagroup JSC, Managing Director of Fast Lane Ventures, as well as President of the Russian pharmacy chain 36.6 and General Director of the Management Company of the chain of the same name. He was an advisor to the investment fund Adva Capital.



PIETARI KIVIKKO

Independent director

Date of birth: 30 December 1972

Nationality: Finland

Shares held in the Company: none

He is a member of the Board of Directors of Kcell **from 19 May 2022**.

He has a Master degree in Management Accounting, Commercial Law and Marketing, he graduated from the School of Economics and Business Administration (University of Turku), Turku, Finland.

He has many years of experience in the field of telecommunications, where he worked in executive positions at TeliaSonera and Tele2. He also held the position of Managing Director of Paroc Owens Corning Insulation Materials in Russia, has experience of work at Lamoda Group, and currently he is the Managing Director.



DAUREN KEREIBAYEV

Representative of a major shareholder Galimzhan Shakhmardanovich Yessenov

Date of birth: 5 October 1971

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He was elected to the Board of Directors of Kcell JSC **on 29 November 2023** at the Extraordinary General Meeting of Shareholders.

He graduated from Novosibirsk State University specializing in Mechanics and Applied Mathematics (1992) and Kazakh State Academy of Management specializing in Finance and Credit (1998).

In 2018, he was awarded a Master of Business Administration degree under the Executive MBA program at The University of Chicago Booth (US).

He has extensive experience in such areas as information technologies and telecommunications, economic analysis and planning, finance.

From 2018 to 2021, he held the position of the Managing Director for Digitalization and Transformation of Samruk-Kazyna JSC.

In 2021, he moved to Kazakhtelecom JSC as the Managing Director for Modernization Program, then he was appointed the Director for Support Functions Development.

He was awarded the Yereñbegi ushin medal and the Yenbek sinirgen karzhy mamany public order.



SANZHAR ZHAMALOV

Independent director

Date of birth: 20 May 1985

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He is a member of the Board of Directors of Kcell JSC **from 29 November 2023**.

He has extensive experience in the financial sector, including at Kazkommerts Securities JSC, ING Bank N.V. in London office, and the National Bank of the Republic of Kazakhstan.

Currently, he is holding the office of the head of the representative office of the Dutch ING Bank N.V. in Kazakhstan.

He has an Executive MBA degree from Cambridge University (UK), a Master degree in International Financial Analysis from Newcastle University (UK) and a Bachelor degree in Financial Mathematics from Charles University (Czech Republic).

He holds the prestigious CFA financial certificate and a Certificate in Company Direction from the Institute of Directors (UK).

He came to the telecommunications sector in 2014 as the Chief Manager of the Project Financing Department of Kazakhtelecom JSC, as well as he was a member of the Board of Directors of KazSatNet National Company JSC and National Information Technologies JSC, operator of the information and communication infrastructure of the electronic government.

Assessment of performance of the members of the Board of Directors

The Board of Directors shall regularly, once every three years, provide a comprehensive assessment of its activities, the work of its Committees, and each of the directors. The results of the assessment are discussed at a meeting of the Board of Directors. Based on the results of the assessment, recommendations are prepared to improve the performance of the Board of Directors.

On 17 February 2022, the Board of Directors decided to approve the Rules for assessing the activities of the Board of Directors and its committees, the chairman, members

of the Board of Directors and the corporate secretary of Kcell JSC (hereinafter – the Rules), as well as it decided to conduct a self-assessment of the activities of the Board of Directors of Kcell JSC based on the Rules. The results were reviewed at a meeting of the Board of Directors of Kcell JSC on 15 April 2022. Based on the results of the self-assessment, appropriate recommendations were given to improve the work of the Board of Directors.

In 2023, the activities of the Board of Directors of the Company were not assessed.

Activities of the Board of Directors during the reporting year

In 2023, the Board of Directors held 14 meetings – 12 of them were held in person and 2 meetings were held in absentia. During the meetings, the Board of Directors reviewed and adopted resolutions on the following aspects of the Company's activities:

- approving the Company's development plan;
- concluding major transactions;
- electing and early termination of powers of members of the Management Board;
- preliminary approval of the annual financial statements for 2023;

- convening annual and extraordinary general meetings of shareholders in 2023, as well as on preparing proposals for the dividend distribution;
- concluding third party transactions;
- appointing and early termination of powers of employees of the Internal Audit and Compliance Control Services; and
- approving the Company's internal documents.

In addition, the Board of Directors considered a number of business, commercial, operational and legal matters relating to the activities of the Company.

Remuneration to members of the Board of Directors

Issues related to the remuneration of directors are submitted to the General Meeting of Shareholders for resolution. The amount of remuneration shall be sufficient to attract, retain and motivate directors and ensure their effective activities. The amount of remuneration of directors shall be adequate to the time they devote to work and the quality of duties performance by directors.

The Company discloses the amount of directors' remuneration in accordance with the legislation. Information on the amount of directors' remuneration for the reporting period is subject to mandatory disclosure in the annual report.

According to the current Remuneration Policy, the Company pays independent members of the Board of Directors remuneration consisting of two parts: a fixed annual remuneration and an additional annual remuneration. Reimbursement of expenses incurred by members of the Board of Directors in the performance of their duties is also provided.

In 2019, the General Meeting of Shareholders approved the following amounts of annual remuneration of independent directors before taxes: fixed annual remuneration – 75,000 US dollars; additional annual remuneration for the Chairman of the Board of Directors – 25,000 US dollars; additional annual remuneration for the chairman of any of the committees of the Board of Directors – 15,000 US dollars. 50 percent of the fixed annual remuneration and the additional annual remuneration for performing the functions of the Chairman of the Board of Directors or one of its committees shall be paid six months after the independent director takes office, and the remaining 50 percent shall be paid one year thereafter.

The total remuneration paid to independent members of the Board of Directors in 2023 amounted to the equivalent of 387.4 thousand US dollars or 176.6 mln tenge (before taxes).

COMMITTEES UNDER THE BOARD OF DIRECTORS

Members of the Committees under the Board of Directors

4 committees have been formed and operate under the Board of Directors that review key issues concerning the Company's activities within their competence and formulate

recommendations for the Board of Directors on these issues. Currently, the members of the committees under the Board of Directors are presented in the table:

Committee designation	Committee competence	Members of the committee as of 31 December 2023
Strategic Planning Committee	Strategic development of the Company	Alexey Buyanov – chairman of the committee Pietari Kivikko Alexandr Lezgovko
Personnel and Remuneration Committee	Personnel policy; employee remuneration Personnel training and motivation	Pietari Kivikko – chairman of the committee Alexey Buyanov Aliya Kishkimbayeva
Internal Audit Committee	Financial reporting Internal control and risk management Internal and external audit	Pietari Kivikko – chairman of the committee Alexey Buyanov Jere Calmes
Sustainable Development Committee	Strategic issues relating to sustainable development Development and implementation of the Company's policies in the area of sustainable development	Jere Calmes Aliya Kishkimbayeva

Activities of the committees under the Board of Directors

STRATEGIC PLANNING COMMITTEE

In 2023, the Committee held 9 in-person meetings in accordance with the current agenda. The Committee reviewed 36 issues and provided relevant recommendations to the Company's Board of Directors. During the reporting period, all issues of activity within the competence of the Committee were reviewed at the Committee meetings.

The Committee reviewed and provided recommendations to the Board of Directors on the following issues:

- Approval of the budget, operating plan and capital investment budget, as well as investing activity parameters;

- Review of the business plan for the strategic project 'Implementation and development of fifth-generation cellular communications (5G/IMT) in the Republic of Kazakhstan';
- Developing and upgrading the network of Kcell JSC, as well as an action plan for the implementation of the network RollOut plan;
- Third party transactions;
- Transformation of KazNet Media LLP into KazNet Media JSC.

The Committee members took part in the annual Strategic Session.

PERSONNEL AND REMUNERATION COMMITTEE

In 2023, the Committee held 10 in-person meetings in accordance with the current agenda. The Committee reviewed 43 issues and provided relevant recommendations to the Company's Board of Directors. During the reporting period, all issues of activity within the competence of the Committee were reviewed at the Committee meetings.

The Committee reviewed and provided recommendations to the Board of Directors on the following issues:

- Election of members of the Management Board;
- Personnel issues of the Compliance Control Service;
- Personnel issues of the Internal Audit Service;
- Organization structure;
- Definition of key performance indicators of the Company's executives;
- Review of the performance of the Chairman and members of the Management Board and employees accountable to the Board of Directors of Kcell JSC for 2022 based on key performance indicators (KPIs).

In addition, the Committee carried out work on reviewing candidates for the Board of Directors of Kcell JSC.



INTERNAL AUDIT COMMITTEE

In 2023, the Committee held 8 in-person meetings in accordance with the current agenda. The Committee reviewed 32 issues and provided relevant recommendations to the Company's Board of Directors. During the reporting period, all issues of activity within the competence of the Committee were reviewed at the Committee meetings.

The Committee reviewed and provided recommendations to the Board of Directors on the following issues:

- Approval of quarterly risk management reports.
- Approval of the risk map and register, as well as approval of the risk appetite.
- Consideration of the annual audit planning issue;
- Quarterly reports of the Internal Audit Service;
- Quarterly review of the Company's operating performance;
- Consideration of the report on the work done within the framework of the audit of V- and U-accounts used to prepare financial statements and measures to improve internal control over the preparation of financial statements;

SUSTAINABLE DEVELOPMENT COMMITTEE

In 2023, the Committee held 4 in-person meetings in accordance with the current agenda.

The Committee reviewed 9 issues and provided relevant recommendations to the Company's Board of Directors.

The Committee reviewed and provided recommendations to the Board of Directors on the following issues:

- Review of the reports of the Company's Compliance Control Service;
- Review of the work plan of the Company's Compliance Control Service;

- Consideration of information on sales efficiency under the Contract Phone project (device business), marginality assessment and implementation of the Internal Audit Service's recommendations.

In 2023, the Committee held four meetings with the external auditor concerning:

- the Company's financial performance for 2022 (10 March 2023);
- review of the external auditors' report for 6 months of 2023 (25 July 2023 and 20 September 2023); and
- the planning of external audit of Kcell JSC for 2023 (22 December 2023).

Pietari Kivikko, the chairman of the committee, held regular meetings with members of the Management Board of the Company, the Corporate Secretary, the Heads of the Internal Audit Service, as well as with the heads of the business units of the Company.

- Approval of the Code of Ethics and Conduct, as well as other internal documents of the Compliance Control Service; and
- Approval of the ESG Activities Roadmap of Kcell JSC.

The Committee members held regular meetings with members of the Management Board of the Company, the Head of the Compliance Control Service, as well as with the heads of the business units of the Company.

MANAGEMENT BOARD

GRI 2-9, 202-2, 405-1

The Management Board of Kcell JSC is a collegial executive body responsible for managing the day-to-day activities of the Company. At the same time, the Company recognizes the need for a leadership role, which is assumed by the Chief Executive Officer acting as the Chairman of the Management Board.

In its work, the Management Board is guided by the principles of legality, honesty, integrity, prudence, consistency, professionalism and objectivity. Its members fully respect the interests of shareholders and are fully accountable to the General Meeting of Shareholders and the Board of Directors.

In 2023, 88 meetings of the Management Board were held during which 343 resolutions were adopted.

Members of the Management Board

During 2023, the following changes occurred in the Management Board:

- On 10 May, the Board of Directors decided to elect the following members of the Management Board for a new term until 11 May 2026:
 - Askhat Arkhatovich Uzbekov** – Chief Executive Officer, Chairman of the Management Board
 - Azamat Dauletovich Uisumbayev** – Chief Director for Corporate Affairs
 - Daniyar Kadylkhanovich Ibrayev** – Chief Security Officer
 - Kirill Valeriyevich Strashenko** – Chief Technical Officer
 - Malik Alimzhanovich Amardinov** – Chief Director for Digital Development

- On 11 May 2023, Maria Vitaliyevna Averchenko was excluded from the Company's Management Board due to the expiration of her employment contract.
- On 13 June 2023, the Company's Board of Directors made the following decisions:
 - To elect Damir Shamilyevich Mullashev to the position of Chief Financial Officer, member of the Management Board of Kcell JSC. To determine the term of office from 14 June 2023 to 11 May 2026, inclusive.
 - To elect Olga Vyacheslavovna Tsoy to the position of Chief Commercial Officer, member of the Management Board of Kcell JSC. To determine the term of office from 14 June 2023 to 11 May 2026, inclusive.

As of 31 December 2023, the Management Board included 7 members, including six men and one woman.

MEMBERS OF THE MANAGEMENT BOARD AS OF 31 DECEMBER 2023

Askhat Arkhatovich Uzbekov	Chairman of the Management Board, Chief Executive Officer
Olga Vyacheslavovna Tsoy	member of the Management Board, Chief Commercial Officer
Azamat Dauletovich Uisumbayev	member of the Management Board, Chief Director for Corporate Affairs
Kirill Valeriyevich Strashenko	member of the Management Board, Chief Technical Officer
Daniyar Kadylkhanovich Ibrayev	member of the Management Board, Chief Security Officer
Damir Shamilyevich Mullashev	Member of the Management Board, Chief Financial Officer
Malik Alimzhanovich Amardinov	member of the Management Board, Chief Director for Digital Development

Biographies of the members of the Management Board



ASKHAT ARKHATOVICH UZBEKOV

Chairman of the Management Board, Chief Executive Officer

Date of birth: 18 June 1980

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He was elected to the position of Chief Executive Officer, Chairman of the Management Board of Kcell JSC **from 11 May 2022**.

He has a higher education specializing in International Economics, Turan University, **2000**.

In 2022, he was awarded an Executive MBA from London Business School.

Until 2005, he worked in the Taxation and Audit Departments at Ernst & Young Kazakhstan LLP; during the next seven years, until 2012, he held various positions in the Treasury Department of KazMunaiGas Exploration Production JSC, then for almost two years, **until December 2014**, he worked as Financial Director at KMG EP International (Netherlands).

He joined the system of Kazakhtelecom JSC **in January 2015**, starting his career in the country's largest telecommunication operator as the Director of the Financial Department, and in March 2015, he became the Managing Director – Chief Treasurer of Kazakhtelecom JSC.

In January 2016, his job responsibilities were supplemented by the duties of the Financial Controller of Kazakhtelecom companies group, and **since September 2016**, he held the position of the Chief Financial Officer of the Company. The deal to acquire 75% of shares in Kcell JSC was completed **in 2018** with his participation.



DAMIR SHAMILIYEVICH MULLASHEV

Member of the Management Board, Chief Financial Officer

Date of birth: 5 June 1982

Nationality: Republic of Kazakhstan

Shares held in the Company: none

Mr. Mullashev has been appointed to be the Chief Financial Officer and member of the Management Board of the Company **from 14 June 2023**.

He graduated from Kazakhstan Institute of Management, Economics and Prediction (KIMEP) in 2003.

Total work experience in specialization is 20 years in the financial sector, including 13 years in executive positions. He began his career in the banking sector, **from 2007** he worked in an investment bank and **from 2013** – in a direct investment fund.

He began working in the telecommunication industry in 2016 as the head of the External Asset Management Service of Kazakhtelecom JSC. He has solid experience in corporate finance in terms of M&A transactions, managing telecommunication assets and attracting debt and equity financing.

He joined Kcell **in September 2022** as Deputy Chief Financial Officer and since December 2022 he has been acting Chief Financial Officer.



OLGA VYACHESLAVOVNA TSOY

Member of the Management Board, Chief Commercial Officer

Date of birth: 26 November 1982

Nationality: Republic of Kazakhstan

Shares held in the Company: none

She was appointed to the position of the Chief Commercial Officer and member of the Management Board of the Company **from 14 June 2023**.

She has a higher education and a Master of Business Administration degree, KIMEP University. Total work experience is 17 years in the commercial sector in various industries, including 13 years in management positions: 3 years in FMCG and retail, 8 years in telecommunications, 3 years in the consulting business (FinTech and InsuranceTech), and 3 years in a bank. **Since 2023**, she has been appointed to be the Director of the Retail Business Department of Kcell JSC.



AZAMAT DAULETOVICH UISSUMBAYEV

Member of the Management Board, Chief Director for Corporate Affairs

Date of birth: 8 July 1974

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He was appointed to be the Chief Corporate Officer and member of the Management Board of the Company **from 15 April 2022**.

Has a higher economic and legal education, a master degree in MPA&MBA, RANEPa, Moscow.

He graduated successfully from the advanced training course at Moscow School of Management 'Skolkovo' under the additional professional education program 'Leaders of Digital Transformation'.

In 2023, he was awarded an Executive MBA from Nazarbayev University.

Since 2012, he worked in the group of companies of Kazakhtelecom JSC in various positions, including Managing Director – Financial Controller of Kazakhtelecom JSC and Commercial Director of KT Cloud Lab LLP.

Before joining the telecommunications industry, he worked in government authorities of the Republic of Kazakhstan.



KIRILL VALERIYEVICH STRASHENKO

Member of the Management Board, Chief Technical Officer

Date of birth: 29 April 1982

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He was appointed to be the Chief Technical Officer and member of the Management Board of Kcell JSC **from 23 June 2022**.

He graduated from Almaty Institute of Energy and Communications (AUEC) specializing as 'Telecommunications Engineer', **2004**.

From 2004 to 2016, he held various positions in Kcell JSC – from a data transmission system engineer to a head of the Data Transmission System Department.

From 2016 to 2018, he worked as the network and IT infrastructure manager, as well as he was appointed to be the project manager for the construction of a unified LTE network with Kar-Tel LLP.

From 2018 to 2021, he held the position of Deputy Technical Officer.

From 2021 to May 2022 – Network Development Manager.

In 2019, he was awarded the state award "Honorary Communications Man".



DANIYAR KADYLKHANOVICH IBRAYEV

Member of the Management Board, Chief Security Officer

Date of birth: 14 July 1979

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He was appointed to be the Chief Security Officer and member of the Management Board of Kcell JSC **from 23 June 2022**.

He graduated from the Military Institute of the RK NSC (currently, the Border Service Academy of the NSC) specializing as 'Telecommunications Engineer', **2000**.

He graduated from Kazakh Humanitarian and Law University with the qualification of 'Bachelor of Law', **2007**.

Since 2020, he has been working at Kcell JSC as an Advisor to the Strategic Development Department, Chief Expert of the Security Department.

Since 2017, he worked at Single Accumulation Pension Fund JSC; during previous years, he worked in government authorities.



MALIK ALIMZHANOVICH AMARDINOV

Member of the Management Board, Chief Director for Digital Development

Date of birth: 27 October 1986

Nationality: Republic of Kazakhstan

Shares held in the Company: none

He was appointed to be the Chief Director for Digital Development and member of the Management Board of Kcell JSC **from 15 September 2022**.

He graduated from the Banking Academy of Alatau Kazakhstan University, Department of Finance, **2008**; Kazakhstan Engineering and Technology University, Computer Engineering and Software Department, 2016.

Total work experience is 16 years in IT, including 12 years in executive positions in the banking sector.

The last positions held were the Executive Director and the Chief IT Architect of Fortebank, where he successfully led all IT development and synchronized more than 10 project teams.

INFORMATION ABOUT REMUNERATIONS

The total remuneration paid to members of the executive body in 2022 amounted to 702,063,301.59 tenge (before

tax). This amount includes salaries and remuneration based on the results of work for the year.

COMPLIANCE WITH LEGISLATIVE REQUIREMENTS

GRI 2-27

During the reporting period, two anti-monopoly investigations were conducted against Kcell JSC:

1. In accordance with order of the Department of the RK Agency for the Protection and Development of Competition in Almaty City No. 42-ОД dated 15 June 2022, an investigation was initiated against Kcell JSC on the grounds of a violation under Part 1 of Article 174 of the Entrepreneurial Code of the Republic of Kazakhstan. The subject of the investigation is the establishment of actual data confirming or disproving the violation committed by Kcell JSC, which was expressed in maintaining a monopolistically high price.
2. In accordance with order of the Department of the RK Agency for the Protection and Development of Competition

in Almaty City No. 38-ОД dated 21 December 2023, an investigation was initiated against Kcell JSC with respect to the possible fact of actions agreed upon with competitors to set and maintain prices for communication services during May-July 2023.

If the above violations are identified as a result of the investigation, Kcell JSC may be subject to administrative liability under Part 3 of Article 159 of the Code of Administrative Offenses of the Republic of Kazakhstan, which entails liability in the form of a penalty in the amount equal to 5% of the income received as a result of monopolistic activity, subject to confiscation of monopoly income received as a result of monopolistic activity.

COMPLIANCE CONTROL

GRI 2-26

The activities of the Compliance Control Service are aimed at preventing business risks, resolving problematic issues and monitoring compliance with legislative and ethical regulations. In the context of global practice, the presence of a compliance system is an indicator of responsible and transparent activities of the Company.

During the reporting period, in order to improve the compliance culture in the Company, the Compliance Control Service held 18 training events aimed at popularizing the compliance function and increasing the level of knowledge on combating corruption. More than 1.8 thousand employees of the Company and its subsidiary took part in the events, including 7 members of the Management Board, 714 executives and 1,154 specialists.

In SWF Samruk-Kazyna JSC, which is the ultimate owner of the controlling interest in Kcell JSC, there is a hotline through which anyone can report violations of the law in the SWF and its subsidiaries. The hotline guarantees confidentiality and anonymity (at the request of an applicant), as well as registration and processing of all requests without exception with subsequent referral for consideration to the responsible persons. The internal and corporate websites of the Company contain contacts for the hotline of the SWF and the Compliance Control Service, through which any facts of labour, corruption and other types of offenses can be reported.

The procedures for receiving and processing reports of unethical or illegal behaviour are regulated by the Instructions of Kcell JSC for notifying official violations,

in accordance with which the Company guarantees absolute confidentiality to employees, business partners and other stakeholders reported serious problems in the Company, as well as protection of applicants from prosecuting and/or discrimination.

In 2023, the Compliance Control Service reviewed 13 reports of violations of legislation and corporate ethics. Information on each registered fact of non-compliance with legislation is recorded in the quarterly report sent for consideration to the Board of Directors. No critical violations of legislation were registered during the reporting year.

No cases of corruption were discovered in 2023.

ANTI-CORRUPTION

GRI 205-1, 205-2, 205-3

The anti-corruption principles and procedures are enshrined in the Anti-Corruption Policy of Kcell JSC approved by the resolution of the Board of Directors dated 27 July 2023. The purpose of the Anti-Corruption Policy is to minimize the risk of involvement of officials and employees of the Company, regardless of their position, in corrupt practices. The objectives of the Anti-Corruption Policy include:

- Forming an understanding among officials and employees of the Company of zero tolerance for any manifestations of corruption;
- Summarizing and explaining the basic requirements of the anti-corruption laws of the Republic of Kazakhstan that may apply to the Company, as well as its officials and employees;
- Securing the obligation of officials and employees of the Company to know and comply with the principles and requirements of the RK anti-corruption laws, the Anti-Corruption Policy, as well as perform adequate procedures for prevention and avoidance of corruption; and
- Development and implementation of anti-corruption measures aimed at preventing and combating corruption, minimizing and (or) eliminating the consequences of corruption offenses.

Anti-corruption measures in the Company are based on the following main principles:

- legality of the Company's activities;
- publicity and openness of the Company's activities;
- anti-corruption propaganda among employees, partners and clients;

- cooperation in the field of anti-corruption activities with government authorities, as well as with partners and clients of the Company;
- mandatory internal investigations in connection with violations of anti-corruption laws and internal policies of the Company.

In accordance with the provisions of the Anti-Corruption Policy, the Company annually identifies and assesses corruption risks, as well as develops measures to minimize them. The purpose of identifying and assessing corruption risks is to identify those types of activities and business processes of the Company that are subject to the risks of non-compliance with anti-corruption laws and where there is a high probability of officials and employees of the Company committing corruption offenses both for personal gain and for the benefit of the Company.

Corruption risks are identified and assessed by means of anti-corruption monitoring and internal analysis of corruption risks. Anti-corruption monitoring includes:

1. compliance examination of key internal documents of the Company and their drafts submitted for approval for the presence of provisions that contribute to the creation of causes and conditions for corruption (corruption factors), and development of proposals for their elimination;
2. monitoring the RK anti-corruption laws, as well as the anti-corruption laws of foreign countries that influence the activities of the Company, in order to promptly bring their internal documents into compliance with the changing requirements of anti-corruption laws;



3. studying the statistics of appeals from individuals and legal entities on the facts of corruption on the part of officials and employees of the Company; and
4. monitoring publications in the mass media.

The object of the internal analysis of corruption risks is the activities of business units of the Company. The analysis of corruption risks includes:

1. identifying 'critical points' of the business process, during the implementation of which corruption offenses are most likely to occur;
2. a description of corruption schemes that contain:
 - a description of the benefit or advantage that can be obtained by the Company or its individual officials and employees when committing a corruption offense;
 - positions in the Company that are 'key' for committing corruption offenses;
 - probable forms of making corruption payments;
3. determining the presence or absence of internal control procedures, assessing the effectiveness of existing control procedures.

In order to reduce corruption risks, in 2023, the Company carried out the following activities:

- The institution of personal responsibility of the heads of business units and subsidiary for corruption offenses, including omission of its subordinates, was introduced. A clause on personal responsibility for corruption offenses was added to the standard job descriptions of executives;
- 141 compliance checks were conducted on single-source procurements for corruption component;

- Compliance examinations were conducted of key 7 internal documents of the Company and projects submitted for approval for the presence of provisions that contribute to the creation of causes and conditions for the manifestation of corruption (corruption factors).
- A check was conducted for the presence/absence of affiliation and conflict of interest of 22 candidates for vacant positions of executives, as well as positions related to the performance of organizational and managerial and (or) administrative functions and/or other functions related to the specific character of the Company's activities.
- Conclusions were issued on the reviewed materials, including materials submitted for consideration by the Management Board and the Board of Directors.
- Work was performed to update internal documents in accordance with changes in the RK anti-corruption laws and the Corporate Standards of Samruk-Kazyna JSC.
- Consultations were held as part of filing the Income and Property Tax Return.

An internal analysis of corruption risks in 2023 for identifying them in the field of procurement, recruitment and business processes was not carried out; it is planned for 2024..

MANAGEMENT OF CONFLICT OF INTEREST

GRI 2-15

The principles and procedures for resolving conflicts of interest in the Company are set out in the Regulation on resolving conflicts of interest in Kcell JSC approved by the resolution of the Board of Directors of Kcell JSC on 5 August 2022.

The Company shall take all necessary measures to prevent a conflict of interest and identify circumstances that cause or may cause a conflict of interest. The Company's Corporate Secretary and the head of the Compliance Control Service shall have the right to request information and explanations from members of the Board of Directors, members of the Management Board and employees of the Company in connection with the infringement of shareholders' rights or a situation that leads to the emergence of a conflict of interest.

If it is impossible to prevent a Conflict of Interest at the level of a business unit, the head of the unit shall provide within one business day the chairman of the Management Board and the head of the Compliance Control Service with information about the conflict of interest, the reasons for occurrence thereof, and the measures that were or may be taken.

The head of the line unit, together with a responsible employee of the Human Resource Management Department, shall determine the procedure for resolving a conflict of interest among employees of the Company.

If necessary, the chairman of the Management Board has the right to create a working group to resolve a conflict of interest. The working group includes representatives of the Compliance Control Service, the HR service and the legal subdivisions, as well as the unit in which the person associated with the conflict of interest works, and other persons. The working group is formed in such a way as to exclude the possibility of a conflict of interest that could affect the decisions made by the working group.

The Regulation on resolving conflicts of interest provides for the following methods of resolving a conflict of interest:

- refusal of an employee of the Company to participate in the decision-making process that may be affected by a conflict of interest;
- restriction of access of an employee involved in a conflict of interest to specific information;
- re-election or transfer of an employee with his/her consent to another job in the manner established by the legislation of the Republic of Kazakhstan, which involves the performance of functions that exclude a conflict of interest;
- revision and change of job responsibilities and functions of the employee;
- termination of the employee's powers in the manner established by the legislation of the Republic of Kazakhstan;
- elimination of private interest by the employee; and
- the Company or the employee takes other measures to prevent and resolve a conflict of interest.

The activities of the Compliance Control Service are aimed at preventing business risks, resolving problematic issues and monitoring compliance with legislative and ethical regulations. In the context of global practice, the presence of a compliance system is an indicator of responsible and transparent activities of the Company.

In 2023, 685 employees filled out the conflict of interest declaration form. 37 employees filled out the form concerning existence of a potential conflict of interest: no conflict of interest was discovered based on 35 applications. A real conflict of interest was discovered based on two applications. The Management Board took measures to resolve the discovered facts of conflict of interest and eliminate related risks.

transactions with related parties included consulting services, technical and operational support, leasing of communication channels, roaming services and mutual traffic transmission.

RELATED PARTY TRANSACTIONS OF KCELL JSC IN 2023, mln tenge

	Goods sold and service provided	Goods and services purchased
Organizations of Samruk-Kazyna group	396	588
Organizations of Kazakhtelecom group	12,333	28,340
Government authorities	558	84
Total	13,287	29,012

INTERNAL AUDIT

Internal Audit Service (IAS) is a body of Kcell JSC that ensures the organization and conduct of internal audit in the Company. The IAS is directly subordinate to the Board of Directors and is supervised by the Internal Audit Committee of the Board of Directors. The activities of the IAS are carried out in accordance with the Regulation on the Internal Audit Service and the Annual Audit Plan approved by the Company's Board of Directors.

The mission of the IAS is to provide the necessary assistance to the Board of Directors and the Management Board in fulfilling their duties to achieve the strategic goals of Kcell JSC. In its activities, the Service is guided by the principles of honesty, objectivity, confidentiality and professional competence as defined by the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The main goal of the IAS is to provide the Board of Directors with independent and objective guarantees and consultations aimed at improving the risk management, internal control and corporate governance systems in the Company.

The tasks of the IAS include:

- assessment of the reliability and effectiveness of the internal control in the Company;
- assessment of the improvement of the corporate governance process;
- assessment of the rationality and efficiency of the use of the Company's resources and the methods (techniques) used to ensure the safety of property;
- assessment of reliability, completeness, objectivity of the accounting system and the reliability of financial reporting;
- assessment of the Company's compliance with the requirements of the RK legislation and assessment of the adequacy of the system and procedures created and applied to ensure compliance with these requirements; and
- assessment of the risk of committing fraud and the effectiveness of fraud risk management.

Based on the results of the audits conducted, the IAS shall develop appropriate recommendations, including proposals for improving the existing internal control and risk management systems, processes and business principles, as well as provide comments on any issues within the competence of the IAS.

EXTERNAL AUDIT

In order to independently assess the reliability of financial statements prepared in accordance with IFRSs, the Company annually engages an external auditor to be approved by the General Meeting of Shareholders. The auditor selection procedure is performed in accordance with the Rules for selecting an audit organization for Samruk-Kazyna JSC and organizations in which 50 or more percent of voting shares (interests) are directly or indirectly held by Samruk-Kazyna JSC on the basis of ownership or trust management.

When selecting an auditor, the Company is guided by the following main principles:

- independence and transparency of the auditor selection procedure;

- absence of a conflict of interest; and
- quality of the offered audit services.

By the resolution of the extraordinary General Meeting of Shareholders held on 13 December 2022, Ernst and Young LLP was determined to be an audit organization to audit the financial statements of the Company for 2022–2024. The cost of audit services in 2023 amounted to 114,491,800 tenge.

RELATED PARTY TRANSACTIONS

During the reporting year, the Company sold goods and provided services to related parties in the amount of 13.3 bln tenge and purchased goods and services from related parties in the amount of 29.0 bln tenge. The Company's

06

RISK MANAGEMENT

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Description of Key Risks of Kcell JSC

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RISK MANAGEMENT SYSTEM

Corporate Risk Management System (CRMS) is an integrated component of Kcell JSC activities, which is aimed at identifying, assessing and monitoring all significant risks, as well as taking measures to reduce their level. The risk management model of Kcell JSC is built in accordance with the international standards of risk management systems COSO ERM and ISO 31000.

The key internal document regulating risk management in the Company is the Risk Management Policy of Kcell JSC, which sets out the goals, objectives and vision of the corporate risk management system, determines the main principles of the risk management process, the risk management structure, and the main components of the risk management system.

The CRMS goals are:

- strategic goals;
- operational goals;
- goals in the area of preparing reliable reports; and
- goals in the area of compliance with applicable legislation and internal requirements.

In order to ensure effective functioning of the CRMS, the Company is guided, at all levels of its activities, by the following interrelated components corresponding to the business life cycle:

- management and culture;
- strategy and goal setting;
- performance;
- monitoring and implementation of changes; and
- information, communication and reporting.

The organization structure of the CRMS is multi-level and includes the following participants in the risk management process:

- Board of Directors;
- Internal Audit Committee of the Board of Directors;
- Internal Audit Service;
- Management Board;
- Risk Management Committee;
- Risk Management Subdivision; and
- Business units, risk coordinators and employees.

In 2023, the Risk Identification and Assessment Rules were approved, which disclosed the basic methods for identifying, assessing risks, responding to risks, and the basic approaches to risk monitoring. A CRMS training manual was also developed and risk coordinators received training, which will be conducted on a regular basis in the future.

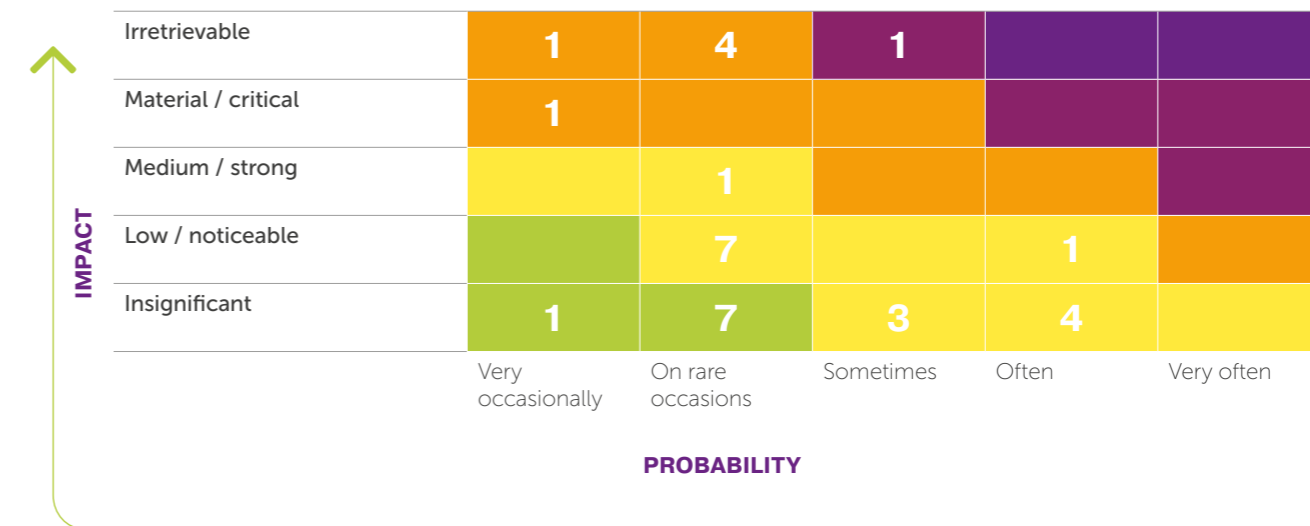
The plan for further development of CRMS provides for the implementation of an automated ERM (Enterprise Risk Management) system, which will allow the Company more quickly identifying, assessing and monitoring risks, as well as evaluating the effectiveness of risk mitigation measures inherent in all business processes.

RISK MAP

In the Company, risks are identified on an annual basis, with presenting the results in the Risk Register and Risk Map approved by the Board of Directors. The Risk Register includes risks that can impact the achievement of long-term strategic

goals and key performance indicators of the Development Plan. In 2023, the list of risk events for operating and strategic risks was expanded. According to the Risk Register and Risk Map, at the end of 2023, 31 risk was identified in the Company.

Kcell JSC risk map for 2023



DESCRIPTION OF KEY RISKS OF KCELL JSC

The Risk Management Subdivision continuously monitors the dynamics of key risks and controls the implementation of measures aimed at reducing the risk level. The monitoring results are sent quarterly in the form of risk management reports to the Company's Board of Directors.

Based on the results of risk monitoring, in 2023, the following risks were recognized as the most significant risks for the Company:

I. Regulatory risk is associated with changes in the regulatory environment in which the Company operates, changes in legislation and the conditions for regulating natural monopolies, as well as the introduction of restrictive measures by the state (sanctions, anti-dumping regulation, tax regulation, etc.). Regulatory risk management includes a number of steps and activities to minimize possible negative consequences: determination and analysis of regulatory requirements, development and implementation of risk mitigation measures, updating procedures, prompt response to changes in legislation. Regulatory risk management involves ongoing monitoring and analysis of the situation, flexibility and prompt response to changes in legislation and requirements of regulatory authorities, as

well as active cooperation with all levels of the Company and shareholders to ensure effective risk management and compliance with all regulations and standards.

II. Strategic risk is classified as a potential loss resulting from changes or errors in determining and implementing the business strategy and development of the Company, changes in the political or regional environment and fluctuations in the market or consumer behaviour. Risk factors include increased price competition caused by the actions of other mobile operators or new legislation. The Company seeks to reduce these risks by protecting its leadership in regions with a high level of presence and launching competitive tariffs and products to increase its share of Kazakhstan market.

III. Risks of secondary sanctions. Long-term partnership with foreign goods suppliers and services providers is a potential source of risk of secondary sanctions. Unexpected changes in the foreign policy environment may lead to sanctions and changes in existing relations and require a quick response and adaptation to new conditions. The Company carries out thorough verification of suppliers, monitors and controls transactions with foreign suppliers, takes measures to find alternative suppliers in the local market as a means of reducing

the risk of secondary sanctions and ensuring stability and reliability of goods supplies and services provision.

IV. Financial risks. Financial instability, which the Company may be exposed to, comes from various sources. The risk management system is aimed at minimizing potential negative consequences for the Company's activities caused by fluctuations in the financial markets, as well as other macro- and microeconomic factors.

Credit Risk. The Company's credit risk management policy ensures that products and services are sold only to clients and distributors with an adequate credit history. If corporate clients have independent credit ratings, they are applied. Otherwise, a control risk assessment is performed in relation to the potential client's creditworthiness taking into account its current financial position, credit history and other factors. The Company's management analyses and monitors outstanding trade receivables and overdue balances, and if clients are unable to discharge their obligations, the mobile communication services are disconnected. The Company does not have a significant concentration of credit risk due to the highly diversified client portfolio, which includes a large number of individuals and legal entities; and although income may be affected by economic factors, management does not see a significant risk of loss. The Company has established partnerships with several banks, which are considered to have minimal risk of default. The Republic of Kazakhstan pertains to the emerging markets and bears certain risks inherent therein. These risks equally apply to banks in which the Company places cash, cash equivalents and term deposits. In this regard, Kcell operates the principle of investing only in financial instruments with a high credit rating.

Foreign exchange risk. The major portion of the Company's foreign exchange risk is associated with changes in the tenge exchange rate against the US dollar, although profit is less susceptible to this factor, despite the fact that revenue from the sale of a number of services, in particular roaming, is calculated in the US dollars, and equipment, plants and inventories are also mainly purchased in this currency. The Company does not use derivative financial instruments to hedge foreign exchange risk, given the underdevelopment of the financial instruments market in Kazakhstan. The Company has in place the rules for matching assets and liabilities recorded in foreign currencies, if this is possible and feasible from a practical point of view.

Liquidity risk is a possibility of a situation when a company is unable to promptly provide access to sufficient funds to settle its current financial obligations. Liquidity risk may be realized as a result of a shortage of liquid assets, the inability to sell assets on favourable terms, or the inability to promptly raise additional funds. In order to minimize liquidity risk, the Company (a) develops and regularly updates liquidity management plans that determine the strategies and mechanisms for prompt access to the necessary funds; (b) diversifies sources of financing; (c) actively manages receivables and payables to reduce the turnover cycle of working capital.

V. Tax risks arise as a result of discrepancies in tax laws and Conventions on the avoidance of double taxation concluded between Kazakhstan and other states. The Company takes an active part in the activities of the working group of the State Commission on Economic Modernization of the Republic of Kazakhstan, where it initiates amendments to the changes in the RK Tax Code..

VI. Operating risk means the probability of losses due to deficiencies or errors in internal processes, supply chain, recruitment, culture and rules of the organization. Most of them have a low risk rating, and measures to mitigate them have already been taken as part of everyday risk management procedures. The exception is information systems and technologies, which the Company classifies as high risk. Protecting client privacy and data management is a vital part of the services provided by the Company. Data leakage can have detrimental consequences for the business in both the short and long term. In this regard, the Company's networks are supported by the latest information security systems, which provide all measures and processes to reduce the threat of cyber-attacks.





07

PERSONNEL MANAGEMENT

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PERSONNEL POLICY AND PRACTICE OF LABOUR RELATIONS

GRI 401-1, 402-1

The personnel policy of Kcell JSC is focused on building and developing an effective and successful team of professionals. Kcell JSC is not only one of the largest

telecommunications companies in Kazakhstan, but also an attractive employer for both young and experienced job seekers.

Principles of personnel policy of Kcell JSC

Principle	Description of principle
 <p>MERITOCRACY PRINCIPLE</p>	Career advancement of employees who have proven themselves to be the best in the Company and have proven their ability to achieve results
 <p>EFFECTIVE RECRUITMENT PRINCIPLE</p>	The most capable candidates for employment are selected through comprehensive testing, a detailed study of the candidate's experience and other methods of assessing professional competence
 <p>STRATEGIC PLANNING IN THE FIELD OF HUMAN RESOURCES</p>	Personnel policy takes into account the current and expected needs of the business, as well as the conditions existing in the labour market.
 <p>FOCUS ON PROFESSIONAL DEVELOPMENT OF PERSONNEL</p>	Personnel is trained taking into account the '70:20:10' principle: employees receive 70% of development from real experience in the process of work, 20% – interaction with other people and only 10% – from educational events.
 <p>INTEGRATION OF BUSINESS PROCESSES OF THE PERSONNEL SERVICE AND OTHER SUBDIVISIONS</p>	The HR subdivision takes into account in real time the need of specialized subdivisions of the Company to hire qualified employees and improve the qualifications of current employees.

The Company builds its relations with employees in strict accordance with the rules of Kazakhstan labour laws. The Company does not allow discrimination of employees by gender, age, social status and other criteria. The Company does not allow the use of child and forced labour.

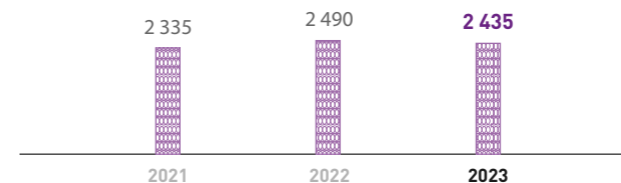
The Company notifies employees of changes in employment relations on its initiative within the time limits set by the RK legislation:

- a notice of upcoming reduction to an employee and the competent authority – 1 month in advance;
- a notice of expiration of an employment contract – on the last working day;
- a notice of an employee's failure to undergo the probationary period – during the probationary period; and
- a notice of changes in working conditions – 15 calendar days in advance.

PERSONNEL STRUCTURE

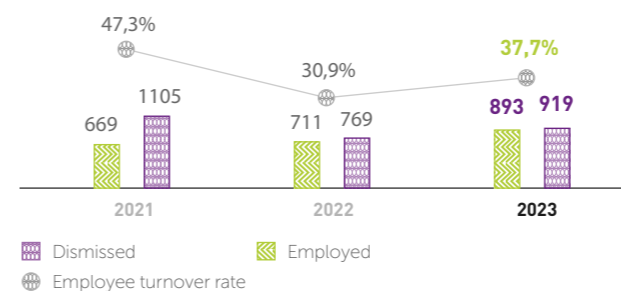
GRI 2-7, 401-1

EMPLOYEE HEADCOUNT AT THE END OF THE YEAR



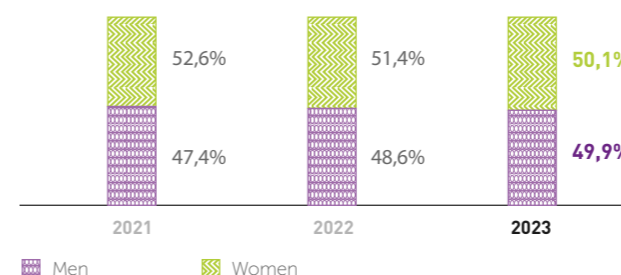
At the end of 2023, the Company had 2,435 full-time employees, including 2,275 permanent employees and 160 temporary employees (i.e. those ones substituting other employees during maternity leave, etc.).

TURNOVER OF EMPLOYEES



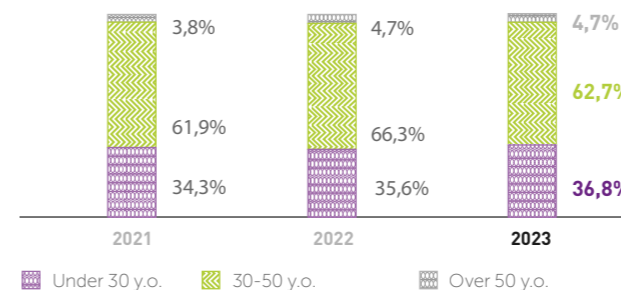
During 2023, employment contracts were terminated with 919 employees; 893 employees were rehired. The employee turnover rate was 37.7%.

PERSONNEL STRUCTURE BY GENDER



The Company strives to maintain gender balance when hiring employees. At the end of 2023, the share of women in the personnel was 50.1%, the share of men was 49.9%.

PERSONNEL STRUCTURE BY AGE



At the end of 2023, the Company had 860 employees under 30 years old, 1,465 employees between 30 and 50 years old and 110 employees over 50 years old. At the same time, the number of employees in the older age group remained unchanged throughout the year.

LABOUR REMUNERATION, PERSONNEL ASSESSMENT AND MOTIVATION

GRI 202-1, 401-1, 405-2

The annual labour compensation fund of the Company (including rewards and bonuses) amounted to 19.7 bln tenge in 2023 (2022: 16.7 bln, 2021: 13.8 bln).

The average monthly salary of men in 2023 amounted to 868.9 thousand tenge, women – 658.1 thousand tenge. The higher salary of men is due to the fact that they usually perform

more labour-intensive and complex types of work, including technical ones.

The ratio of the average salary of the head of the executive body (Chairman of the Management Board) to the average salary of employees was 41%.

AVERAGE MONTHLY SALARY OF MEN AND WOMEN, thousand tenge/month

	2021	2022	2023
Average salary of women	510.9	556.0	658.1
Average salary of men	631.8	719.7	868.9

The system of remuneration and bonuses of the Company's employees is based on the following principles:

- Internal fairness (salary is set depending on the grade of the position) and external competitiveness (the level of remuneration must be competitive with regard to the reference market of salaries);
- Transparency;
- Dependence of remuneration on the achievement by the Company as a whole and by individual employees of goals and objectives, as well as on the financial and economic capabilities of the Company;
- Ensuring inclusiveness in determining the amount of remuneration, discrimination on the basis of gender, race, nationality, religion, age, political or other grounds is not allowed.

The following types of bonuses exist in the Company:

- Annual bonus
- Functional motivational bonus
- Project bonus
- One-time bonus
- Additional bonuses to employees for exceeding the 'Revenue' and EBITDA Margin planned targets.
- The main indicators for bonuses/remuneration of employees are:
 - achievement of corporate financial targets of the Company;
 - achievement of goals and objectives set for an employee; and
- compliance with labour discipline by employees.

Annual bonuses, functional motivation bonuses, project bonuses and additional bonuses for employees for exceeding the 'Revenue' and EBITDA Margin planned targets are regulated by separate internal documents of the Company. One-time bonuses are paid in consultation with the Company's Management Board.

Based on the results of 2023, in order to increase the employee loyalty index (eNPS) and improve working conditions, the Company implemented an action plan to improve the effectiveness of the Happy Job KPI, which includes the following activities:

- Organizing football instructions;
- Launching a project for the purchase of equipment by employees in partnership with Samsung;
- Improving the incentive program for positions overlapping;
- Introducing the practice of 'free Fridays' and creative days;
- Rebooting the 'Corporate University' training system; and

SOCIAL PROTECTION OF EMPLOYEES

GRI 401-2, 401-3

The Company provides its employees with an extensive social package, including types of assistance and benefits provided to employees on a permanent basis, and financial assistance in case of unfavourable circumstances. The main types of assistance provided are:

- one-time financial assistance in connection with the death of an employee or a close relative of the employee;
- one-time financial assistance to employees raising disabled children;

- one-time financial assistance to employees with disabilities;
- financial assistance to minor children of deceased employees of the Company; and
- financial assistance in connection with maternity leave, less state social benefit, is provided to female employees who have worked in the Company for more than 3 years.

Structure of social package of employees of Kcell JSC

Type of assistance	Cases where assistance is provided	Conditions of receipt
Material assistance	Minor children of deceased employees	
	In case of death of close relatives	
	In case of death of an employee	
	Disabled employees	
Sick leave certificate	Employees raising disabled children	
	10 working days per year are paid in an amount equal to 80% of official salary	
Shuttle bus	Shuttle bus for employees working during a shift from 11:00 PM to 6:00 AM	
	Shuttle bus for employees working outside the city	
Medical insurance	Not exceeding 220,000 tenge per year	Upon completion of probation period
Mobile communication	Corporate tariff plan or compensation for mobile communication, subject to position and participation in projects	
Petrol	Petrol card for employees using own car for working purposes and having itinerant work	
Taxi	Additional payment for taxi for employees, who do not have own car and have itinerant work	

In 2023, the total financial assistance paid amounted to 151,820 thousand tenge, 145 employees of the Company received financial assistance.

FINANCIAL ASSISTANCE PAID IN 2023

	Amount, thousand tenge	Quantity of employees received assistance
Material assistance due to death of a close relative	25,650	57
Material assistance due to death of an employee	2,040	1
Material assistance to disabled employees	28,350	21
Material assistance to employees raising disabled children	48,600	36
Material assistance due to treatment	20,000	1
Material assistance when treating in a health care institution and/or performing a surgery	16,780	12
Material assistance to children of deceased employees	10,400	17
Total	151,820	145

In order to protect motherhood and childhood, the Company pays the difference in maternity benefits to employees who have worked in the Company for more than 3 years (maintaining the average salary, less social benefits in case of loss of earnings due to pregnancy and childbirth, adoption of a new-born child (children), in accordance with the RK legislation concerning compulsory social insurance.

In 2023, maternity/paternity leave was granted to 206 employees, including 203 women and 3 men. The total maternity benefits in 2023 amounted to 15.8 million tenge (2022: 13.1 mln, 2021: 3.2 mln).

The Company has 25 employees with disabilities and 37 employees raising disabled children. Each employee from the specified categories is annually provided with material assistance the amount of which in 2023 was 1,350 thousand tenge (including taxes and other compulsory payments).

PERSONNEL DEVELOPMENT

GRI 404-1, 404-2

Continuous professional development and growth of employees are important conditions for business development. The Company organizes both internal and external training of employees. The total costs of external training of employees in 2023 amounted to 147,428,701 tenge. External training was completed by 1,887 employees of the Company, the total training time was 15,025 hours, the average training time per employee was 8 hours.

Internal training is conducted at the Corporate University of KCell. In 2023, a total of 189 internal trainings were conducted, in which over 2,500 employees took part. It is worth noting the high level of participants' satisfaction with the trainings: over 90% of participants took a favourable view of the trainings.

Information about internal trainings on the basis of the Corporate University of Kcell

School	Course summary	Quantity of trainings conducted	Quantity of persons trained	Average % of satisfaction
On-boarding program	Mandatory training for all newcomers of the Company. Trainings conducted: 'Welcome to Kcell', 'Internal Control System', 'Responsible Business. Ethical Standards of Kcell JSC', 'Fundamentals of Mobile Communications'	67	1,843	98%
Efficiency school	Development of employees' personal effectiveness Trainings conducted: 'Presentation Master (+ webinar on design)', 'Emotional Intelligence', 'Stress Resistance Skills', 'Time Management Skills. Procrastination', 'Speak Beautifully' Webinar	61	784	98%
Managers' school	Development of basic management skills (for beginners in management) Obligatory trainings conducted: 'Fundamentals of management', 'Management Cycle. Planning, organization and control', 'Employee motivation', 'Employee training and development', 'Stress and conflict management in professional activities', 'Communication skills', 'Hiring and selection of personnel', Synchronization of interaction	56	125	98%
Leaders' school	Development of advanced managers Obligatory trainings conducted: 'Manage yourself', 'Emotional intelligence', 'Stress management', 'Team management', 'Motivation management', 'Process management'	5	20	95%

OCCUPATIONAL SAFETY AND HEALTH

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

The Company pays special attention to the occupational safety and health. We are faced with important tasks to achieve accident prevention, minimize risks and ensure safe professional activities of employees.

Registration and activities to investigate accidents related to work in Kcell are carried out in accordance with the internal regulations of the Company and the RK Labour Code. Registration and activities to investigate accidents related to work in the Company are carried out in accordance with the current legislation, Chapter 20 of the RK Labour Code, as well as internal regulations: a) Regulations on accident investigation, b) Regulations on reporting accidents.

The following fire safety measures have been taken at the Company's facilities:

- 85 premises have an automatic gas fire extinguishing system;
- 2 facilities have a water extinguishing, smoke removal and space air overpressure system;
- 38 facilities have an automatic fire alarm;
- 67 cellular base stations have gas fire extinguishing systems;
- 32 diesel generator sets have an automatic fire alarm; and
- all premises and buildings are provided with primary fire extinguishing equipment.

Technical employees of the head office and regions are provided with special clothing and PPE (summer and winter clothing and footwear, respirators, gloves, safety glasses) for safe work. In 2023, the Company introduced the 'Occupational Safety and Health Card' in order to ensure the safety of life and health of the Company's employees during their work activities and further improve the culture of occupational safety and health. In addition, during the reporting year, quarterly exercises and training were held

with teams of civil defence and emergency response units.

Managers and employees were trained in occupational safety and health, industrial safety, work at height involving industrial high rise works, electrical safety, basics of fire safety with the issuance of supporting documents.

In order to reduce the negative impact of accidents and other emergency situations, the Company has approved and is implementing an Emergency (Crisis) Management Plan, Business Continuity and Disaster Recovery Plans for Critical Elements of the Information and Communications Infrastructure, and an Emergency Response Plan.

As part of measures to ensure occupational safety and health in 2023, training events were held on the following topics:

- Occupational safety and health (179 employees participated);
- Basics of fire safety (166 employees participated);
- Industrial safety (293 employees participated);
- Electrical safety (161 employees participated).

In 2023, the Company did not record any accidents.



08

ENVIRONMENTAL RESPONSIBILITY

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ENVIRONMENTAL PROTECTION POLICY

GRI 307-1

As part of the information and communications technology (ICT) industry, the Company contributes to the development of a sustainable society by providing services that help customers to minimize negative impact on the environment, improve efficiency of their activities and reduce costs. We create benefits for our clients and society by striving to improve environmental performance and ensure efficient resource consumption and cost reduction. Key environmental aspects of our activities are: energy use, striving to reduce greenhouse gas emissions into the atmosphere and waste.

In the area of environmental protection, the Company is guided by the following principles:

- We apply a consistent and structured approach to environmental impact management and efficient use of resources, including risk assessment.
- We strive to use a precautionary approach to environmental impact management in all our subdivisions and at all stages of the value chain.
- We strive to develop, use and promote environmentally friendly technologies and services in all our subdivisions and at all stages of the value chain.

- We regularly measure and monitor the environmental indices of our activities and provide relevant information in an explicit, reliable and timely manner.

The Company complies with all the requirements of the legislation of the Republic of Kazakhstan. We strive to achieve sustainable development by minimizing damage to the environment and rational use of natural resources. In order to minimize the negative impact on the environment, the Company invests in the modernization of autonomous systems and transfers them to more environmentally friendly types of fuel (electricity); when installing base stations and equipment, it complies with the requirements of the legislation of the Republic of Kazakhstan; when carrying out repairs, it strives to use materials and technologies that are safe for the environment. We also organize voluntary, volunteer environmental campaigns and events. The Company has implemented an environmental management system in accordance with the requirements of the international standard ISO 14001. In the medium term, the Company plans to introduce the practice of regular environmental audits of activities.

WATER CONSUMPTION

GRI 303-1, 303-5

The activities of the Company do not have a significant impact on water intake, but we strive to use water rationally. The total volume of cold water used by the Company during the reporting period was 47,796 m3 (2022: 47,568 m3), hot water – 156 m3.

The Company's subdivisions do not reuse water in the production process for the provision of telecommunications services. The Company uses water only for sanitary, household and economic needs. The installed water consumption meters are maintained in good technical condition.

RESOURCE CONSUMPTION

GRI 301-1, 302-1, 302-4

The Company plans to conduct an energy audit in 2023 to identify energy saving potential, following which an implementation plan should be developed and approved.

The results of the energy audit will be provided in the next reporting period.

THE ENERGY CONSUMPTION FIGURES FOR 2023 ARE PRESENTED IN THE TABLE BELOW.

Energy resource description	Unit	Consumption of energy resources not generated from own sources
Electric power (supply to base stations)	kWh	248,255,928.0
Electric power (supply to offices and premises)	kWh	16,245,887.0
Heat power	Gcal	12,002.0
Motor petrol	litre	469,274.1
Diesel fuel	litre	166,895.4
Natural gas	m ³	22,987.0

POLLUTANT EMISSIONS INTO THE ATMOSPHERE

GRI 305-6, 305-7

The Company has 2 stationary sources producing polluting emissions into the atmosphere. The total volume of greenhouse gas emissions in 2023 amounted to 0.02069 tons with the established maximum permissible value

of 4.08579 tons. Detailed information on the volume of emissions for the reporting period is presented in the table below.

Pollutant	Volume of pollutant emissions (ton)	Established maximum allowable emission of specific pollutants for the reporting period (ton)
Nitrous oxides (in equivalent of NO2)	0.0671	5.4569
Nitrogen dioxide	0.0671	5.4569
Nitrogen oxide	0.011	0.8867
Carbon (carbon soot, black carbon)	0.0042	0.3411
Sulphur dioxide	0.0105	0.8526
Hydrogen sulphide	0.00000878	0.0000158
Carbon monoxide	0.0546	4.4337
Benzopyrene	0.000000117	0.000009
Formaldehyde	0.0012	0.0853
Methane hydrocarbon (alkane C12-19)	0.02862922	2.05195060
Total	0.177238117	14.1082754

WASTE MANAGEMENT

GRI 306-1, 306-2, 306-3, 306-4

In the course of the Company's activities, waste is mainly generated in the form of decommissioned equipment and household waste. Municipal waste is removed by a specialized organization licensed for waste removal and disposal. The telecommunication and office equipment are written off and transferred for disposal and recycling according to the Organization Standard – Rules for dismantling and recycling decommissioned telecommunication equipment. Decommissioned equipment, cables and office equipment are transferred to a specialized organization licensed for the collection, storage and disposal of non-ferrous and ferrous metals. The operational service decides on the further use of part of the equipment as spare parts.

The Company has implemented a system of separate waste collection in the office premises. This is a step towards more environmentally friendly and responsible activities.

Using special four-section eco-boxes, we help conserve the Earth resources by separating useful secondary raw materials from general waste. The collected raw materials are sent to the production of new goods instead of being stored at a landfill. Since the introduction of the separate waste collection system, 292.2 kg of recyclable materials have been transferred for recycling.

09

COMMUNICATION WITH STAKEHOLDERS AND SOCIAL RESPONSIBILITY

Communication with Stakeholders	90	Client Fraud Protection	92
Disclosure of Information	91	Social Responsibility and Charity	92
Information Security and Protection of Confidential Data of Clients	91		

COMMUNICATION WITH STAKEHOLDERS

GRI 2-26, 2-29

Kcell JSC understands the importance of interests and expectations of all stakeholders and strives to increase the efficiency of communication with them. Communications between the Company and stakeholders are based on the principles of openness, confidence and mutual respect. The Company protects the interests of stakeholders

by responding to incoming requests from them and promptly providing feedback. The key channels of communication are corporate reporting, correspondence, the Company's website, forums and social media, publications in mass media, Kcell/activ mobile application, and SWF Samruk-Kazyna JSC hotline.

Stakeholders	Expectations	Communication process
Clients	Providing quality service at reasonable prices, protecting personal data	Marketing researches, various forms of feedback
Suppliers/providers	Maintaining long-term partnerships, adhering to business ethics	Procurement in a transparent manner, business meetings and consultations
Government authorities	Compliance with legislation, increasing payments to the budget, effective activities within the framework of government development programs	Appeals, inspections by supervisory authorities, holding meetings
Shareholders and investors	Development of the Company, development of corporate governance, effective implementation of assigned tasks, ensuring profitability and financial soundness	Preparing and publishing reports, holding meetings, joint discussions
Personnel	Ensuring good working conditions, timely payment of salaries, social package, career development opportunities	Intra-corporate communication, respecting the rights and interests of employees, improving working conditions
Mass media, general public	Disclosure of information, transparency	Responses to mass media inquiries, holding PR and marketing events

DISCLOSURE OF INFORMATION

GRI 2-29

The Company disclosure practice is based on the following approaches:

Disclosure of information is intended to ensure the creation of a favourable image of the Company, which should contribute to raising capital, maintaining the confidence of shareholders and investors, as well as growing production and financial indicators;

The disclosure system shall meet the principles of accessibility of information about the Company, subject to full protection of confidential inside information;

Disclosure of information shall ensure the possibility of free and easy access to public information about the Company;

Information is disclosed on the Internet resource of the financial reporting depository and Internet resources of stock exchanges in the manner established by legislation and the Listing Rules of the exchanges;

Information on corporate events of the Company is additionally disclosed on its corporate website (www.investors.kcell.kz).

INFORMATION SECURITY AND PROTECTION OF CONFIDENTIAL DATA OF CLIENTS

GRI 418-1

Protecting subscribers' personal data is an important area of activity for our Company because in the digital age, personal information is becoming increasingly in demand by intruders. Leakage of subscriber information is very dangerous and can lead to fraud and other forms of cybercrime.

We regularly check security measures and update them to be sure that there are effective. The Company strives to ensure a minimum level of access to information for its employees, as well as uses various technologies to protect personal data, including the use of secure network protocols and information leak protection programs, audits and employee training.

The Company pays great attention to the development of information security and has qualified employees holding cybersecurity certificates (CEH, CHFI, GIAG Reverse engineering Malware, OSCP, OSWE). All this allows providing a reliable level of personal data protection, as well as creates conditions for repelling complex cyber attacks.

Constant improvement of qualifications and skills allowed the information security team of Kcell JSC taking the first place in the CyberKumbez competition within the framework of the leading cybersecurity conference in the Central Asia – KazHackStan. TURAN-2023.

The Company has created an Information Security Operations Centre and the state regulator has issued a license to operate in this area.

Round-the-clock monitoring of information security events in the infrastructure is carried out to detect current threats and signs of cyber attacks, proactive measures are taken to respond and prevent incidents, as well as this area is further improved.

In order to obtain information about identified or suspected vulnerabilities in the Company web resources and for timely response, a service was purchased to connect these resources to the external program of interaction with information security researchers Bugbounty.

CLIENT FRAUD PROTECTION

GRI 418-1

The Company pays great attention to measures to detect and prevent fraud; for these purposes, a number of industrial and own systems are functioning that allow blocking fraudulent numbers and transactions. Monitoring and prompt response to identified fraud cases is carried out daily without breaks for holidays and weekends, ongoing work is carried out to optimize existing tools and cover new risk areas.

In 2023, a large project was implemented to configure and take over the management of SMSFW equipment, which made it possible to take control of entire A2P SMS traffic in the Company and configure all the necessary tools to block illegitimate routes, connections and mailings.

Work continues on blocking calls with number substitution; more than 10 million fraudulent calls to subscribers of Kcell network were blocked over the current year; further activities are underway to improve protection algorithms.

Also in 2023, a project was launched to switch to a new Fraud Management System, which will be completed in 2024. This solution will make it possible to speed up the work and use more advanced and efficient technologies to identify suspicious fraudulent transactions and prevent possible losses of the Company.

SOCIAL RESPONSIBILITY AND CHARITY

GRI 203-2

Kazakhtelecom JSC, which holds 51% of the voting shares of Kcell JSC, is part of the Group of Sovereign Welfare Fund Samruk-Kazyna (SWF). SWF and its subsidiaries implement a unified policy of providing charitable assistance through the Corporate Fund – Samruk-KazynaTrust.

Samruk-Kazyna Trust is a social project development fund under the SWF Group of Companies, which implements charitable, socially significant programs and projects in the Republic of Kazakhstan. In close cooperation with the RK Government, Samruk-Kazyna Trust implements charitable projects in the following areas:

- Assistance to people, communities in the social and medical sectors;
- Development of media, cultural community and human potential;

- Strengthening labour and interethnic relations, investments in sustainable development of society; and
- Support for regional and business initiatives.

The SWF Group consistently pursues the principles of social responsibility, which mean: creation of new jobs, implementation of social programs for personnel, sponsorship and charity, holding environmental and educational events.

Sponsorship and charitable activities of Samruk-Kazyna JSC are aimed at the revival of spiritual and national values, support of culture, science and education, promotion of scientific and technological progress, promotion of a healthy lifestyle, assistance to vulnerable groups of the population, low-income citizens and support of sports.



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APPENDICES

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Appendix 3. Consolidated Financial Statements for 2023 and Independent Auditor's Report	106		

APPENDIX 1. ABOUT THE REPORT

GRI 2-3, 2-4, 3-1, 3-2

Kcell JSC annual report for 2023 includes information on the financial, economic and operating activities of the Company for the period from 1 January to 31 December 2023, as well as some retrospective and forecast indicators. The report has been prepared in accordance with the standards of the Global Reporting Initiative (GRI Standards) and the following reporting principles set out in GRI-1 standard (2021):

- **Accuracy** – the Report was prepared using accurate and detailed data;
- **Balance** – the information in the Report is presented in such a way as to accurately characterize existing positive and negative trends;
- **Clarity** – the information is presented in an accessible and understandable manner;
- **Comparability** – the information is presented in such a way as to enable comparison of the results of the reporting and previous periods, as well as the results of other organizations;
- **Completeness** – the volume of information is sufficient to assess the performance for the relevant period;
- **Sustainability Context** – the information in this Report is presented in the broad context of sustainable development;
- **Timeliness** – the Company strives to provide information on a regular basis in order to enable readers of the Report to make timely decisions;
- **Verifiability** – the Report is prepared in such a way as to enable all stakeholders to assess the reliability of the information contained therein.

In preparing this Report, the requirements of the Kazakhstan Stock Exchange for the preparation of annual reports, as well as the provisions of the Integrated Reporting Concept (IRC) of the International Integrated Reporting Council and the Standard for Interaction with Stakeholders AA1000SES were taken into account.

When preparing the Report, statistical information generated and published by NSB and ITU was used. Discrepancies in the quantitative statistical data presented in the Annual Reports of Kcell JSC for 2022 and 2023 are explained by the clarification of the statistical information generated by NSB and ITU after the publication of the Annual Report of Kcell JSC for 2022.

The Report has not been externally verified. However, the Company recognizes the importance of external verification of information in the area of sustainable development and is considering the possibility of confirming non-financial information in the future.

In order to determine the content of this Report, the stakeholders were polled from among shareholders, investors, management, personnel, clients, and officials of government authorities. Based on the polling results, the most significant topics for disclosure in the Report were identified. The topics that received the highest ratings from representatives of the Company and stakeholders that are marked in blue on the matrix below were recognized as significant.

Economic topics	Social topics	
Economic performance	1	Employment 15
Presence in the market	2	Practice of employment relations 16
Indirect economic impact	3	Health and safety at work places 17
Procurement practice	4	Training and education 18
Anti-corruption	5	Diversity and equal opportunities 19
Non-competitive behaviour	6	Countering discrimination 20
Taxation	7	Freedom of association and collective negotiations 21
		Child labour 22
Environmental topics	Forced or compulsory labour 23	
Materials	8	Safety practice 24
Energy	9	Rights of local communities 25
Water	10	Assessment of supplier social impact 26
Biodiversity	11	Government (public) policy 27
Emissions	12	Consumer health and safety 28
Waste	13	Product and service labelling 29
Environmental assessment of suppliers	14	Consumer privacy 30

APPENDIX 2. GRI INDEX

GRI 1

Indicator	Disclosure	Section of the Report/Comment	Page
GRI 1: Foundations (2021)			
GRI 2: General disclosure (2021)			
2-1	Organization profile	Background History of the Company Geographic Reach	
2-2	Entities included in the organization's sustainability reporting	Background	
2-3	Reporting period, frequency and contact point	Appendix 1. About the Report	
2-4	Restatements of information	Appendix 1. About the Report	
2-5	External assurance	The Report was not externally verified.	
2-6	Activities, value chain and other business relationships	Mission and Vision of a Position in Industry Assessment of the Company Development Prospects (SWOT Analysis) Strategic Goals and Objectives 5G Network Development Condition of Telecommunication Industry Operating Activities of the Company	
2-7	Employees	Personnel Structure	
2-8	Workers who are not employees	The Company does not use labour of workers who are not employees.	
2-9	Governance structure and composition	Governing Bodies General Meeting of Shareholders Board of Directors Management Board	
2-10	Nomination and selection of the highest governance body	Board of Directors	
2-11	Chair of the highest governance body	Board of Directors	
2-12	Role of the highest governance body in overseeing the management of impacts	Board of Directors Current ESG Profile of the Company	
2-13	Delegation of responsibility for managing impacts	Current ESG Profile of the Company	
2-14	Role of the highest governance body in sustainability reporting	Current ESG Profile of the Company Strategic Sustainable Development Priorities of the Company	
2-15	Conflicts of interest	Management of Conflict of Interest	
2-16	Communication of critical concerns	Current ESG Profile of the Company	
2-17	Collective knowledge of the highest governance body	Board of Directors	
2-18	Evaluation of the performance of the highest governance body	Board of Directors	

Indicator	Disclosure	Section of the Report/Comment	Page
2-19	Remuneration policies	Board of Directors	
2-20	Process to determine remuneration	Board of Directors	
2-21	Annual total compensation ratio	Board of Directors	
2-22	Statement on sustainable development strategy	Address of the Chairman of the Board of Directors Address of the Chairman of the Management Board	
2-23	Policy commitments	Strategic Sustainable Development Priorities of the Company	
2-24	Embedding policy commitments	Current ESG Profile of the Company Strategic Sustainable Development Priorities of the Company	
2-25	Processes to remediate negative impacts	Current ESG Profile of the Company Strategic Sustainable Development Priorities of the Company	
2-26	Mechanisms for seeking advice and raising concerns	Compliance Control Communication with Stakeholders	
2-27	Compliance with laws and regulations	Compliance with Legislative Requirements	
2-28	Membership associations	The Company is not a member of industry associations.	
2-29	Approach to stakeholder engagement	Communication with Stakeholders Disclosure of Information	
2-30	Collective bargaining agreements	All employees of the Company are covered by employment contracts.	
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	Appendix 1. About the Report	
3-2	List of material topics	Appendix 1. About the Report	
GRI 201: Economic Performance (2016)			
3-3	Management of material topics	Operating Activities of the Company Financial Performance	
201-1	Direct Economic Value Generated and Distributed	Operating Activities of the Company Financial Performance	
201-2	Financial implications and other risks and opportunities due to climate change	The impact of climate change on the Company has not been assessed.	
201-3	Defined benefit plan obligations and other retirement plans	All employees of the Company are participants in the accumulative pension system in accordance with the requirements of the legislation.	
201-4	Financial assistance received from government	Financial Performance	
GRI 202: Market Presence (2016)			
3-3	Management approach	Labour Remuneration, Personnel Assessment and Motivation Board of Directors Management Board	

Indicator	Disclosure	Section of the Report/Comment	Page
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Labour Remuneration, Personnel Assessment and Motivation	
202-2	Proportion of senior management hired from the local community	Board of Directors Management Board	
GRI 203: Indirect Economic Impacts (2016)			
3-3	Management approach	5G Network Development Operating Activities of the Company Social Responsibility and Charity	
203-1	Infrastructure investments and services supported	5G Network Development Operating Activities of the Company	
203-2	Significant indirect economic impacts	Operating Activities of the Company Social Responsibility and Charity	
GRI 205: Anti-Corruption (2016)			
3-3	Management approach	Anti-Corruption	
205-1	Operations assessed for risks related to corruption	Anti-Corruption	
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption	
GRI 207: Taxes (2016)			
3-3	Management approach	Taxation	
207-1	Approach to tax	Taxation	
207-2	Tax governance, control and risk management	Taxation	
207-3	Stakeholder engagement and management concerns related to tax	Taxation	
GRI 301: Materials (2016)			
3-3	Management approach	Resource Consumption	
301-1	Materials used by weight or volume	Resource Consumption	
301-2	Recycled input materials used	The use of recycled materials is not recorded.	
301-3	Reclaimed products and their packaging materials	This is not applied to the Company's activities.	
GRI 302: Energy (2016)			
3-3	Management approach	Resource Consumption	
302-1	Energy consumption within the organization	Resource Consumption	
302-2	Energy consumption outside of the organization	Assessment was not carried out	
302-3	Energy intensity	Assessment was not carried out	

Indicator	Disclosure	Section of the Report/Comment	Page
302-4	Reduction of energy consumption	Resource Consumption	
302-5	Reductions in energy requirements of products and services	Assessment was not carried out.	
GRI 303: Water and Effluents (2018)			
3-3	Management approach	Water Consumption	
303-1	Interactions with water as a shared resource	Water Consumption	
303-2	Management of water-discharge-related impacts	The Company's activities do not involve the discharge of water.	
303-3	Water withdrawal	The Company does not take water from natural sources.	
303-4	Water discharge	The Company's activities do not involve the discharge of water.	
303-5	Water consumption	Water Consumption	
GRI 304: Biodiversity (2016)			
3-3	Management approach	The Company's activities do not have a significant impact on biodiversity.	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
304-2	Significant impacts of activities, products and services on biodiversity		
GRI 305: Emissions (2016)			
3-3	Management approach	Emissions of pollutants into the atmosphere	
305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emissions have not been assessed.	
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		
305-6	Emissions of ozone-depleting substances (ODS)	Pollutant Emissions into the Atmosphere	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Pollutant Emissions into the Atmosphere	
GRI 306: Waste (2020)			
3-3	Management approach	Waste Management	
306-1	Waste generation and significant waste-related impacts	Waste Management	
306-2	Management of significant waste-related impacts	Waste Management	

Indicator	Disclosure	Section of the Report/Comment	Page
306-3	Waste generated	Waste Management	
306-4	Waste diverted from disposal	Waste Management	
GRI 307: Environmental Compliance (2016)			
3-3	Management approach	Environmental Protection Policy	
307-1	Non-compliance with environmental laws and regulations	Environmental Protection Policy	
GRI 308: Supplier Environmental Assessment (2016)			
3-3	Management approach	The Company does not make environmental assessments of suppliers and contractors.	
308-1	New suppliers that were screened using environmental criteria		
308-2	Negative environmental impacts in the supply chain and actions taken		
GRI 401: Employment (2016)			
3-3	Management approach	Personnel Policy and Practice of Labour Relations Personnel Structure Social Protection of Employees	
401-1	New employee hires and employee turnover	Personnel Policy and Practice of Labour Relations Personnel Structure	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Protection of Employees	
401-3	Parental leave	Social Protection of Employees	
GRI 402: Labour/Management Relations (2016)			
3-3	Management approach	Personnel Policy and Practice of Labour Relations	
402-1	Minimum notice periods regarding operational changes	Personnel Policy and Practice of Labour Relations	
GRI 403: Occupational Health and Safety (2018)			
3-3	Management approach	Occupational Safety and Health	
403-1	Occupational health and safety management system	Occupational Safety and Health	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health	
403-3	Occupational health services	Occupational Safety and Health	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health	
403-5	Worker training on occupational health and safety	Occupational Safety and Health	
403-6	Promotion of worker health	Occupational Safety and Health	

Indicator	Disclosure	Section of the Report/Comment	Page
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health	
403-8	Workers covered by an occupational health and safety management system	Occupational Safety and Health	
403-9	Work-related injuries	Occupational Safety and Health	
403-10	Work-related ill health	Occupational Safety and Health	
GRI 404: Training and Education 2016			
3-3	Management approach	Personnel Development	
404-1	Average hours of training per year per employee	Personnel Development	
404-2	Programs for upgrading employee skills and transition assistance programs	Personnel Development	
GRI 405: Diversity and Equal Opportunities (2016)			
3-3	Management approach	Board of Directors Management Board Labour Remuneration, Personnel Assessment and Motivation	
405-1	Diversity of governance bodies and employees	Board of Directors Management Board	
405-2	Ratio of remuneration between women and men	Labour Remuneration, Personnel Assessment and Motivation	
GRI 406: Non-discrimination (2016)			
3-3	Management approach	Personnel Policy and Practice of Labour Relations	
406-1	Incidents of discrimination and corrective actions taken	Personnel Policy and Practice of Labour Relations	
GRI 407: Freedom of Association and Collective Bargaining (2016)			
3-3	Management approach	Suppliers are not assessed for their level of risk of restricting freedom of association.	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		
GRI 408: Child Labour (2016)			
3-3	Management approach	Suppliers are not assessed for their level of risk of child labour.	
408-1	Operations and suppliers at significant risk for incidents of child labour		
GRI 409: Forced or Compulsory Labour (2016)			
3-3	Management approach	Suppliers are not assessed for their level of risk of forced labour.	
409-1	Operations and suppliers with significant risk of cases of forced or compulsory labour		

Indicator	Disclosure	Section of the Report/Comment	Page
GRI 410: Security Practices (2016)			
3-3	Management approach	The personnel did not receive human rights training.	
410-1	Security personnel trained in human rights policies or procedures		
GRI 411: Rights of Indigenous Peoples (2016)			
3-3	Management approach	During the reporting period, no cases of violation of the rights of the local population were registered.	
411-1	Incidents of violations involving rights of indigenous peoples		
GRI 413: Local Communities (2016)			
3-3	Management approach	Operating Activities of the Company	
413-1	Operations with local community engagement, impact assessments, and development programs	Operating Activities of the Company	
413-2	Operations with significant actual and potential negative impacts on local communities	During the reporting period, no cases of negative impact on local communities were recorded.	
GRI 414: Supplier Social Assessment (2016)			
3-3	Management approach	Suppliers are not assessed based on social criteria.	
308-1	New suppliers that were screened using environmental criteria		
308-2	Negative environmental impacts in the supply chain and actions taken		
GRI 415: Public Policy (2016)			
3-3	Management approach	Operating Activities of the Company Procurements	

Indicator	Disclosure	Section of the Report/Comment	Page
415-1	Political contributions	Operating Activities of the Company Procurements	
GRI 416: Customer Health and Safety (2016)			
3-3	Management approach	Assessment was not made.	
416-1	Assessment of the health and safety impacts of product and service categories		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting period, no cases of negative impact on local communities were recorded.	
GRI 417: Marketing and Labelling (2016)			
3-3	Management approach	There are no regulatory requirements for product labelling.	
417-1	Requirements for product and service information and labelling		
417-2	Incidents of non-compliance concerning product and service information and labelling		
417-3	Incidents of non-compliance concerning marketing communications		
GRI 418: Customer Privacy (2016)			
3-3	Management approach	Information Security and Protection of Confidential Data of Clients Client Fraud Protection	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Protection of Confidential Data of Clients Client Fraud Protection	

APPENDIX 3. CONSOLIDATED FINANCIAL STATEMENTS FOR 2023 AND INDEPENDENT AUDITOR'S REPORT



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Independent auditor's report

To the Shareholders, Board of Directors and Management of "Kcell" JSC

Opinion

We have audited the consolidated financial statements of Kcell JSC and its subsidiary (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter

How our audit addressed the key audit matter

Revenue recognition from the provision of telecommunications services

Recognition and measurement of revenue from provision of telecommunication services was one of the matters of most significance in our audit due to the risk of improper revenue recognition as the billing systems employed by the Group are complex and automated processes. In addition, effect of accounting treatment of changing tariff structures and multi-element arrangements on revenue could be significant.

The selection and application of revenue recognition policies, including the application of IFRS 15 *Revenue from contracts with customers*, involve a number of key judgements and estimates, and therefore revenue could be subject to misstatement, whether due to fraud or error, including untimely recognition.

The Group's disclosure of information in respect of the accounting policies on revenue recognition is included in Note 3 to the consolidated financial statements, and detailed revenue disclosures are included in Note 23 to the consolidated financial statements.

Costs capitalization

The Group capitalises significant internal labour costs and external costs in respect of major capital projects, including mobile network upgrades. There is risk in respect of valuation and allocation of assets, that costs which do not meet the criteria for capitalisation in accordance with IAS 16 *Property, plant and equipment* and IAS 38 *Intangible assets* are capitalised or that assets continue to be recognized as non-current assets despite no longer meeting the relevant capitalisation criteria.

Due to the relative size of the Group's mobile network related property and equipment and intangible assets in the consolidated statement of financial position and the area of judgment around the application of capitalization criteria, we considered this as one of the matters of most significance in our audit.

We have considered the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over capturing and recording data in billing systems related to revenue recognition; authorisation of changes and accounting treatment of tariff rates input to the billing systems; and calculation of amounts billed to the customers.

We performed analytical procedures, including monthly fluctuations analysis and analysis of changes in key drivers of revenue, and compared financial and non-financial data. We also analysed the timing of revenue recognition.

We analysed the key judgements and estimates, and the accounting policy for compliance with IFRS 15. We considered the disclosures related to revenue recognition in light of the requirements of IFRS 15.

We obtained an understanding of the process around the property and equipment cycle and intangible assets cycle. We have considered the design and tested the operating effectiveness of related controls.

We analysed the appropriateness of costs capitalization policies of the Group.

As part of audit procedures in relation to each element of capitalised costs we tested supporting documents on a sample basis and obtained understanding of the nature of the costs capitalised. We assessed the timeliness of the transfer of assets from the constructions-in-progress to the property and equipment and intangibles assets. In addition, we analysed assets recognized as non-current assets for compliance with capitalisation criteria.



The Group's policy on the capitalisation of assets is included in Note 3 to the consolidated financial statements, and detailed property and equipment and intangible assets disclosures are included in Note 7 and Note 8, respectively, to the consolidated financial statements.

Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the audit committee of the board of directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee of the board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the audit committee of the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

Ernst & Young LLP



Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ - 0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

15 February 2024



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on 15 July 2005

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Kcell JSC

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

<i>In millions of tenge</i>	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property and equipment	7	156,113	97,724
Intangible assets	8	123,824	43,482
Investment property	7	339	2,210
Advanced paid for non-current assets	7	176	4,104
Right-of-use assets	16	41,162	15,084
Long-term trade receivables	9	1,523	4,345
Cost to obtain contracts		674	558
Deferred tax assets	29	4,148	1,598
Total non-current assets		327,959	169,105
Current assets			
Inventories	10	9,009	7,980
Trade receivables	9	32,723	26,523
Other current non-financial assets	11	7,826	6,897
Other current financial assets	12	2,167	800
Prepaid income tax		545	30
Financial assets at amortized cost	13	-	14,833
Cash and cash equivalents	14	11,031	46,248
Total current assets		63,301	103,311
Total assets		391,260	272,416
Equity and liabilities			
Equity			
Share capital	6	33,800	33,800
Additional paid in capital	15	1,260	1,260
Retained earnings		136,458	103,561
Total equity		171,518	138,621
Liabilities			
Non-current liabilities			
Borrowings: non-current portion	15	77,514	41,846
Long-term lease liabilities	16	38,261	12,514
Government grants: non-current portion	22	14,391	8,179
Long-term trade payables	17	7,339	-
Asset retirement obligation	20	3,676	3,808
Total non-current liabilities		141,181	66,147
Current liabilities			
Borrowings: current portion	15	7,353	5,597
Short-term lease liabilities	16	5,296	5,323
Government grant: current portion	22	3,746	3,089
Short-term trade payables	17	40,996	34,749
Financial guarantee obligation	18	44	155
Contracts liabilities	19	9,861	5,645
Provisions	21	2,062	3,685
Due to employees		5,952	5,708
Taxes payable other than income tax		3,251	1,611
Income tax payable		-	2,086
Total current liabilities		78,581	67,648
Total liabilities		219,742	133,795
Total equity and liabilities		391,260	272,416

Chairman of the Management Board & Chief Executive Officer

Askhat Uzbekov

Chief Financial Officer

Damir Murtashev



The accounting policies and notes on pages 6 to 51 are an integral part of these consolidated financial statements.

Kcell JSC Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

In millions of tenge	Notes	2023	2022 (restated)*
Revenue from contracts with customers	23	223,747	219,002
Income from government grants	22	3,746	2,230
Cost of sales	24	(156,008)	(139,585)
Gross profit		71,485	81,647
General and administrative expenses	25	(8,811)	(12,944)
Selling expenses	26	(5,401)	(2,714)
Impairment of financial assets	9	(5,702)	(6,264)
Other operating income	28	1,910	1,186
Other operating expenses	28	(2,533)	(737)
Operating profit		50,948	60,174
Finance costs	27	(12,889)	(9,270)
Finance income	27	5,339	4,350
Net foreign exchange loss		(1,346)	(33)
Profit before tax		42,052	55,221
Income tax expenses	29	(9,155)	(14,871)
Profit for the year		32,897	40,350
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		32,897	40,350

Earnings per share		2023	2022
Basic and diluted, tenge	6	184.49	201.75

* Certain numbers shown here do not correspond to the consolidated statement of comprehensive income for the year ended December 31, 2022 and reflect adjustments made, refer to Note 24.

Chairman of the Management Board & Chief Executive Officer



Askhat Ushbekov

Chief Financial Officer

Danir Mullaashev

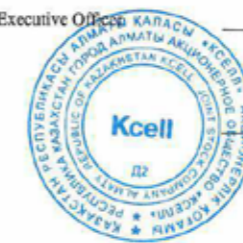
Kcell JSC Consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

In millions of tenge	Share capital	Additional paid-in capital	Retained earnings	Total equity
Balance at 1 January 2022	33,800	1,260	63,211	98,271
Net profit for the year	-	-	40,350	40,350
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	40,350	40,350
At 31 December 2022	33,800	1,260	103,561	138,621
Balance at 1 January 2023	33,800	1,260	103,561	138,621
Net profit for the year	-	-	32,897	32,897
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	32,897	32,897
At 31 December 2023	33,800	1,260	136,458	171,518

Chairman of the Management Board & Chief Executive Officer



Askhat Ushbekov

Chief Financial Officer

Danir Mullaashev

Kcell JSC Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

<i>In millions of tenge</i>	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		42,052	55,221
Adjustments for:			
Impairment of financial assets	9	5,702	6,264
Recovery of provision for legal claims on contractual obligation	21, 32	(721)	-
Accrual of provision	21	1,861	-
Finance costs	27	12,889	9,270
Depreciation of property and equipment, investment property and right-of-use assets	7, 16	22,130	18,993
Amortisation of intangible assets	8	22,344	11,461
Write-off of inventory to net realizable value	10, 25	600	396
Write-off of non-financial assets	28	-	553
Income from accounts payable write-off	28	(1,049)	(482)
Finance income	27	(5,339)	(4,350)
Loss on disposal of property and equipment, intangible assets	28	558	25
Income from government grants	22	(3,746)	(2,230)
Net foreign exchange loss		391	33
Operating cash flows before working capital changes		97,672	95,154
Change in inventories		(2,389)	(2,350)
Change in trade receivables		(6,449)	(14,709)
Change in other current non-financial assets		(929)	2,364
Change in other current financial assets		(1,367)	(262)
Change in cost to obtain contracts		(116)	(86)
Change in trade payables		51	(4,584)
Change in other current financial liabilities and provisions		-	(487)
Change in due to employees		244	-
Change in contract liabilities		4,216	2,368
Change in taxes payable other than income tax		11,801	6,505
Cash flows generated from operations		102,734	83,913
Income tax paid		(13,852)	(12,902)
Interest received		2,669	3,569
Interest paid	31	(11,314)	(8,652)
Net cash inflows from operating activities		80,237	65,928
Cash flows from investing activities			
Purchase of property and equipment		(69,393)	(23,421)
Purchase of intangible assets		(90,701)	(14,254)
Proceeds from disposal of property and equipment		130	25
Proceeds from redemption of financial assets at amortised cost	13	49,358	69,350
Purchase of financial assets at amortised cost	13	(34,545)	(84,163)
Net cash flows used in investing activities		(145,151)	(52,463)

Kcell JSC Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Notes	2023	2022
Cash flows from financing activities			
Proceeds from loans	31	110,761	-
Repayment of loans	31	(74,157)	(13,000)
Repayment of principal portion of lease liabilities	31	(5,952)	(5,370)
Net cash flows from / (used) in financing activities		30,652	(18,370)
Net used in cash and cash equivalents		(34,262)	(4,005)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		(955)	(249)
Cash and cash equivalents at the beginning of the year		46,248	51,402
Cash and cash equivalents at the end of the year	14	11,031	46,248

NON-CASH TRANSACTIONS

In 2023 the Group received government grants in the total amount of 10,615 million tenge (2022: 5,573 million tenge) represented by 90% reduction in the annual fee for use of radio frequencies.

The following significant non-cash transactions have been excluded from the consolidated statement of cash flows

In 2023, the Group paid an amount of 26,700 million tenge for property and equipment purchased in prior year (2022: 21,736 million tenge). Property and equipment in the amount of 30,777 million was purchased in 2023 but not paid as at 31 December 2023 (2022: 26,700 million tenge).

Chairman of the Management Board & Chief Executive Officer

Askhaf Uzbekov

Chief Financial Officer

Damir Mullaev



The full version of the financial statements is available on the website

https://static.kcell.kz/files/new_investors/RPC114_Kcell%20JSC_conso_FS_2023_rus.pdf

GLOSSARY

Names of organizations, subdivisions and internal regulatory documents of the Company

Kcell JSC, Kcell, Company – Kcell Joint-Stock Company

SWF Samruk-Kazyna JSC – Sovereign Wealth Fund Samruk-Kazyna Joint-Stock Company

GSM Kazakhstan LLP – GSM Kazakhstan Limited Liability Partnership (Kazakhtelecom OJSC)

HR, HR Service (Engl. Human Resources) – subdivision in charge of personnel

ITU (Engl. International Telecommunication Union) – International Telecommunication Union

Nexign Converged BSS, Nexign – Nexign Converged Business Support System, an integrated billing system

NSB, NSB of the RK ASP&R – National Statistics Bureau of the Agency for strategic planning and reforms of the Republic of Kazakhstan

CGC – Corporate Governance Code

CRMS – corporate risk management system

RK NB – National Bank of the Republic of Kazakhstan

RK – Republic of Kazakhstan

IAS – Internal Audit Service

CIS – Commonwealth of Independent States

US – United States of America

JSC (in an organization name) – joint-stock company

LLP (in an organization name) – limited liability partnership

Technical terms and abbreviations

AI (Engl. Artificial Intelligence) – artificial intelligence

3G, 3G networks (Engl. 3rd Generation) – third generation mobile networks

4G, 4G networks (Engl. 4th Generation) – fourth generation mobile networks

4G+, LTE advanced – standard for wireless high-speed data transmission with higher data transmission speeds compared to the basic LTE standard

5G, 5G networks (Engl. 5th Generation) – fifth generation mobile networks

DevOps (Engl. Development & Operations) – method to automate technological processes of software

development and implementation, active interaction of specialists in various fields and deep integration of technological processes

eSIM (Engl. electronic SIM) – digital SIM card built into a smartphone

GSM (Fr. Groupe spécial mobile – standard developer name) – global digital mobile cellular standard with time and frequency division

GSM-1800 – GSM network operating at a frequency of 1,800 MHz

GPRS (Engl. General Packet Radio Service, literal expression – “general packet radio service”) – technology of packet data transmission over mobile networks

FWA (Engl. Fixed Wireless Access) – fixed wireless access to the Internet

IMT-2020 (Engl. International Mobile Telecommunications – 2020) – designation of 5G standard within the International Telecommunication Union specification

IoT (Engl. Internet of Things) – “Internet of Things”, concept of transmitting data between devices to interact with each other or with the external environment

LTE, 4G LTE (Engl. Long-Term Evolution, literal expression – “long-term evolution”) – standard for wireless high-speed data transmission based on 4G mobile networks

MMS, MMC (Engl. Multimedia Message Service) – – multimedia mobile messages

mMTC (Engl. Massive Machine-Type Communications, literal expression – “massive machine-type communications») – technologies for connecting a large number of devices (sensors, meters, etc.) to information networks

OTT (Engl. Over the Top, literal expression – “over the top”) – a method of providing video services over the Internet that does not require direct contact with the telecommunication operator’s network

pLTE (Engl. Private LTE) – dedicated private mobile networks

SIM card (Engl. Subscriber Identification Module) – electronic subscriber identification module used in mobile communications

SMS (Engl. Short Message Service) – short text message

BBA – broadband access to the Internet

Marketing, financial and economic terms and abbreviations

ARPU (Engl. Average Revenue per User) – average revenue per user

CAPEX (Engl. Capital Expenditures) – capital expenditures

COFF (Engl. Cash Flow from Financing Activities) – cash flow from financing activities

COFI (Engl. Cash Flow from Investing Activities) – cash flow from investing activities

COFO (Engl. Cash flow from operating activities) – cash flow from operating activities

CPA (Engl. Cost per Action, literal expression – “cost per action”) – model of payment for Internet advertising, in which only certain user actions on the advertiser’s website are paid

CRM (Engl. Customer Value Management) – customer value management

EBITDA (Engl. Earnings before Interest, Taxes, Depreciation and Amortization) – earnings before interest, taxes, depreciation and amortization

cNPS (Engl. consumer Net Promoter Score) – consumer Net Promoter Score

eNPS (Engl. employee Net Promoter Score) – employee Net Promoter Score

KPI (Engl. Key Performance Indicators) – key performance indicators

Units

U – unit

Gcal – gigacalorie (heat energy unit equal to 109 calories)

kWh – kilowatt-hour (electric power consumption unit)

m3 – cubic meter

Mbit – megabit (information content unit equal to 106 bit)

M2M (Engl. Machine-to-Machine, literal expression – “Machine-to-Machine”) – technology for direct exchange of information between devices on a network

MAU (Engl. Monthly Active Users) – number of active users per month

MOU (Engl. Minutes of Use, literal expression – “Minutes of Use”) – quantity of minutes of voice data transmission per a subscriber

NCF (Engl. Net Cash Flow) – net cash flow

ROA (Engl. Return on Assets) – return on assets

ROE (Engl. Return on Equity) – return on equity

VAS (Engl. Value-Added Services) – value-added services

ROS (Engl. Return on Sales) – return on sales

GDP – gross domestic product

doll. – US dollar

CPI – consumer price index

IAV – index of actual volume

CIT – corporate income tax

MFS – mobile financial system

RK OEAC – General Classifier of the types of economic activities of the Republic of Kazakhstan

MHz – Megahertz (frequency (radio frequency) measurement unit equal to 1 mln hertz)

mln – million

bln – billion

Pbyte – petabyte (information content unit equal to 1015 bytes)

p.p. – percentage point



Kcell

CONTACT INFORMATION

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