

# KAZAKHSTAN STOCK EXCHANGE JSC

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## **Approved**

by a decision of the extraordinary general  
meeting of shareholders of  
Kazakhstan Stock Exchange JSC  
(minutes No. 39, February, 10 2023)

## **Effective**

from 13 February 2023

# DIVIDEND POLICY

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city of Almaty

2023

## **LIST OF AMENDMENTS**

**1. Changes and addition No. 1:**

- approved by a decision of the general meeting of shareholders of Kazakhstan Stock Exchange JSC (meeting minutes No. 41 dated May 30, 2024);
- effective as of May 30, 2024.

This Policy has been developed in accordance with the legislation of the Republic of Kazakhstan, the Charter of Kazakhstan Stock Exchange JSC (hereinafter – the Exchange), the Corporate Governance Code and other internal documents of the Exchange. The Policy defines the Exchange's main approaches to the issues of paying dividends on its shares (hereinafter – dividends), as well as the conditions and procedure for paying dividends by the Exchange.

## Section 1. GENERAL PROVISIONS

1. The purpose of this Policy is to ensure the predictability and transparency of the approach in determining the amount of dividends, establishing the conditions and procedure for their payment.
2. The main principles of the procedure for determining the amount of dividends are the need to increase the capitalization and investment attractiveness of the Exchange, as well as to ensure financing for its development.
3. For the purposes of this Policy:
  - 1) the Group means the Exchange and its subsidiaries, the financial statements of which are subject to consolidation with the financial statements of the Exchange in accordance with the legislation of the Republic of Kazakhstan;
  - 2) net income means the Exchange's net income according to the Exchange's consolidated financial statements prepared in accordance with the requirements of international financial reporting standards for the relevant financial year and confirmed by an auditor's report;
  - 3) retained earnings means retained earnings according to the Exchange's consolidated financial statements prepared in accordance with the requirements of international financial reporting standards for the corresponding financial year and confirmed by an audit report;
  - 4) liquid assets of the Exchange shall mean money and financial instruments formed from its own funds and staying in the investment portfolios of the Exchange and its subsidiaries on consolidated basis *(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*.
4. The Exchange, along with ensuring the sustainable development of its infrastructure, financing its operating activities, development projects, seeks to increase the amount of dividends paid to shareholders.
5. Payment of Exchange dividends is made for the last completed financial year from net income for this financial year or for the years preceding the last completed financial year, from retained earnings for these years in accordance with this Policy.
6. The main conditions for the payment of dividends by the Exchange are:
  - 1) the availability of the Exchange's net income for the last completed financial year or retained earnings for previous financial years;
  - 2) the Exchange and each of its subsidiaries, whose assets amount to 30 % or more of the consolidated assets of the Group, have a positive financial result (profit) from their core activities for the same period for which the payment of dividends is considered;
  - 3) receipt of dividends from a subsidiary (subsidiaries) of the Exchange for the same period for which the dividend payment by the Exchange is studied, if assets of such subsidiary (each of such subsidiaries) make 30% or more of the consolidated assets of the Group, or sufficiency of own funds of the Exchange for dividend payment in case of non-payment of dividends by the specified subsidiary of the Exchange for the corresponding period *(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*;
  - 4) as of the date of the decision to pay dividends, the Exchange and its subsidiaries have no outstanding obligations to settle defaults at the expense of reserve funds as part of the clearing activities, as well as outstanding obligations for realized operational risks, including through reserves for operational risks *(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*;

- 5) size of the liquid assets of the Exchange on consolidated basis, formed from its own capital, less size of its own reserve funds, including reserves for operational risks, after accrual of dividends will be no less than the amount of planned operating and capital expenses on consolidated basis for the next financial year (*this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024*);
  - 6) when the Exchange and/or its subsidiary organization carries (carry) out clearing activities, the amount of equity capital on consolidated basis after accrual of dividends ensures the need for an increase in the reserve fund (reserve funds) of the central counterparty, based on a forecast of its growth for the next two financial years, starting from the year of taking decisions on payment of dividends by the Exchange, taking into account forecasts of macroeconomic development, market dynamics, compliance with the requirements of the legislation of the Republic of Kazakhstan, international standards, and internal documents of the Group (*this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024*);
  - 7) the absence of restrictions on the accrual and payment of dividends from among those provided for in items 7 and 8 of this Policy;
  - 8) availability of recommendations of the Board of Directors of the Exchange (hereinafter – the Board of Directors) on the payment of dividends and their amount;
  - 9) availability of the decision of the annual general meeting of shareholders of the Exchange (hereinafter – the General meeting of shareholders) on payment of dividends and determination of their amount.
7. Accrual and payment of dividends of the Exchange is not allowed:
- 1) if the Exchange's equity capital is negative, or if the Exchange's equity capital becomes negative as a result of accrual of dividends on its shares;
  - 2) if the Exchange meets the signs of insolvency or bankruptcy in accordance with the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy, or the said signs appear in the Exchange as a result of accrual of dividends on its shares;
  - 3) in the event of the Exchange's obligations arising under civil law agreements, including restrictions on the accrual and (or) payment of dividends before the occurrence of a certain event and (or) before the expiration of a certain period of time (covenants);
  - 4) if the ratio of the amount of net debt, calculated as the sum of borrowings adjusted for the amount of money and cash equivalents (Net Debt) to the amount of earnings before income tax, depreciation and interest on loans (EBITDA) as of the end of the day on December 31 of the expired calendar year in annual terms exceeds 2 (two);
  - 5) if, as a result of accrual of dividends, the Exchange ceases to fulfill the requirements for equity capital adequacy imposed on it in accordance with the legislation of the Republic of Kazakhstan as a licensee;
  - 6) if as a result of accrual of dividends there is a violation of prudential standards and requirements established by the authorized body for regulation, control and supervision of the financial market and financial organizations.
8. Dividends are not accrued and paid on ordinary shares that were not placed or were bought back by the Exchange itself, or if a court or the General Meeting of Shareholders decided to liquidate it.

## **Section 2. PROCEDURE FOR DETERMINING THE AMOUNT OF DIVIDENDS**

9. The amount of dividend per ordinary share of the Exchange is determined by the General Meeting of Shareholders once a year based on the results of the last completed financial year, based on the amount of net income for that year or based on the amount of retained earnings for previous financial years.

At the same time, the General Meeting of Shareholders is not entitled to determine the amount of dividend per ordinary share of the Exchange in the amount exceeding the amount of such dividend recommended by the Board of Directors.

10. The Board of Directors, based on the proposal of the Exchange's Management Board (hereinafter – the Management Board), submits to the General Meeting of Shareholders recommendations on the procedure for distributing the Exchange's net income for the past financial year and (or) retained earnings of previous years and on the amount of dividend per ordinary share of the Exchange. The Board of Directors of the Exchange, in accordance with the strategic goals of the Exchange, has the right to propose to the General Meeting of Shareholders of the Exchange not to spend part of the net income for the reporting year, determined according to the audited consolidated financial statements of the Exchange, on dividend payments on ordinary shares, or to reduce the amount of money directed to dividend payments on ordinary shares.

- 10.1 Payment of special dividends may be offered from retained earnings of the Exchange from previous years.

Maximum amount of special dividend payment and the amount of special dividend per share shall be calculated using the following formula:

$$Special\ DPS = \frac{Special\ Div, \text{тенге}}{\text{количество акций}}$$

$$Special\ Div, \text{тенге} = \min \left( Retained\ Earnings, \left( Liquid\ Assets_s - Net\ Income_s - CapEx_{s+i} - OpEx_{s+i} - \sum_1^2 \Delta ResFund_{s+i} \right) \right)$$

*Retained Earnings* – retained earnings of the Exchange from previous years;

*Liquid Assets<sub>s</sub>* – a size of liquid assets as of the last reporting date before study of the issue of payment of special dividends at a meeting of the Board of Directors of the Exchange;

*Net Income<sub>s</sub>* – undistributed net income on consolidated basis for the period from the beginning of the current year to the last reporting date before study of the issue of payment of special dividends at a meeting of the Board of Directors of the Exchange;

*CapEx<sub>s+i</sub>* – an amount of planned capital expenses of the Exchange on consolidated basis for the period from the last reporting date before study of the issue of payment of special dividends at a meeting of the Board of Directors of the Exchange until the end of the current financial year subject to the current Capital Expenditure Budget of the Exchange as approved by the Board of Directors of the Exchange;

*OpEx<sub>s+i</sub>* – an amount of planned operating expenses of the Exchange on consolidated basis for the period from the last reporting date before study of the issue of payment of special dividends at a meeting of the Board of Directors of the Exchange until the end of the current financial year subject to the current Budget of Income and Expenses of the Exchange as approved by the Board of Directors of the Exchange;

$\sum_1^2 \Delta ResFund_{s+i}$  – an increase or decrease in reserve fund of the Exchange on consolidated basis based on the current forecast for the next two financial years, starting from the year of the decision to pay dividends, calculated subject to the Methodology for calculating forecast values of clearing funds as approved by decision of the Board of Directors of the Exchange and/or its subsidiary organization on the date of determining the possibility of dividend payment.

*(This item was included by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*

11. The materials provided by the Management Board to the Board of Directors for the preparation of recommendations specified in paragraph 10 of this Policy must contain all the necessary information about the existence of the conditions necessary for the payment of dividends and the absence of restrictions on such payment.
12. The Board of Directors, when providing the General Meeting of Shareholders with recommendations specified in item 10 of this Policy, also provides information on the existence of the conditions necessary for the payment of dividends and the absence of restrictions on such payment.

13. When the Management Board prepares recommendations for the Board of Directors and the Board of Directors for the General Meeting of Shareholders on the procedure for distributing net income, paying or not paying dividends and their amount per ordinary share, the following factors should be taken into account:
- 1) the amount of net profit received by the Exchange on consolidated basis *(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*;
  - 2) forecast of macroeconomic indicators, market dynamics, development of competitive activity;
  - 3) budget targets the Group for the next two years *(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*;
  - 4) indicators of solvency and financial stability of the Exchange and its subsidiaries, including the indicator of equity capital adequacy of the Exchange and its subsidiaries, taking into account requirements for them subject to the laws of the Republic of Kazakhstan as licensees, as well as achieving compliance with accepted international standards *(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*;
  - 5) ensuring operational activities and development projects of the Exchange and its subsidiaries, including:
    - financing of capital investments designed to increase productivity of the existing trading and information systems that generate income for the Exchange and its subsidiaries;
    - financing of investment projects to the extent that own funds are required;
    - need for the Exchange and its subsidiaries to make settlements on previously incurred obligations;*(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*
  - 6) other factors at the discretion of the Management Board and/or the Board of Directors in order to ensure continuity of the operational activities of the Exchange and its subsidiaries, including formation of and/or increase in reserve funds, including reserve funds for operational risks of the Exchange and its subsidiaries *(this sub-item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*.
14. Size of dividend per ordinary share shall be determined based on the amount expected to be paid as dividends, divided by the number of ordinary shares of the Exchange placed and in circulation (not purchased by the Exchange) as of the date of compilation of the list of Exchange shareholders entitled to receive them.

When determining the possibility of dividend payment, the amount of dividend per share shall be calculated using the following formula:

$$DPS = \frac{Div_{\text{тенге}}}{\text{количество акций}}$$

When determining the possibility of dividend payment, size of dividend payment shall be calculated using the following formula:

$$Div_{\text{тенге}} = \min \left( Net\ Income_t, \left( Liquid\ Assets_t - \sum_1^1 CapEx_{t+i} - \sum_1^1 OpEx_{t+i} - \sum_1^2 \Delta ResFund_{t+i} \right) \right)$$

, where

*Net Income<sub>s</sub>* – retained net income on consolidated basis for the period of dividend payment

*Liquid Assets<sub>s</sub>* – size of liquid assets as of the last audited reporting date of the consolidated financial statements of the Exchange before the date of determining the possibility of dividend payment;

$\sum_1^1 CapEx_{t+i}$  – an amount of capital expenses of the Exchange on consolidated basis for the next financial year subject to the current Capital Expenses Budget of the Exchange as approved by the Board of Directors of the Exchange;

$\sum_1^1 OpEx_{t+i}$  – an amount of operating expenses of the Exchange on consolidated basis for the next financial year subject to the current Income and Expense Budget of the Exchange as approved by the Board of Directors of the Exchange;

$\sum_1^2 \Delta ResFund_{t+i}$  – an increase or decrease in the reserve fund of the Exchange on consolidated basis based on a current forecast for the next two financial years, starting from the year of the decision to pay dividends, calculated subject to the Methodology for calculation of forecast values of clearing funds as approved by a decision of the Board of Directors of the Exchange and/or its subsidiary organization on the date of determining the possibility of paying dividends.

*(This item was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*

### Section 3. PROCEDURE FOR PAYMENT OF DIVIDENDS

15. The decision on payment or non-payment of dividends on ordinary shares of the Exchange at the end of the year is subject to mandatory publication in accordance with the requirements of the legislation of the Republic of Kazakhstan and on the website of the Exchange [www.kase.kz](http://www.kase.kz) within 10 (ten) business days from the date of adoption of this decision, unless another period is established by the legislation of the Republic of Kazakhstan.
16. The General Meeting of Shareholders shall have the right to decide on granting the shareholders of the Exchange the right to choose the form of receiving the dividends – in money or securities (declared shares or issued bonds) of the Exchange – taking into account the fact that payment of dividends in securities on ordinary shares of the Exchange shall be carried out only to those persons who provided the Exchange with a written consent to receive these dividends in securities, taking into account the restrictions established by the laws of the Republic of Kazakhstan to the size of the permissible share of each shareholder of the Exchange together with its affiliates in the total number of issued shares *(this paragraph was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024)*.

If the number of securities declared by the Exchange shareholders to receive as dividends exceeds the number of securities held by the Exchange, payment of dividends to shareholders in said securities is carried out in proportion to shares of the Exchange they hold. The portion of dividends not paid in securities is paid in cash.

17. Dividends are paid to the Exchange's shareholders in the manner and within the time limits established by the relevant decision of the General Meeting of Shareholders, but no later than ninety calendar days from the date following the date of the General Meeting of Shareholders making a decision to pay dividends on ordinary shares of the Exchange. Dividend payouts are considered to be:
  - 1) a transfer (transfer) of money from the Exchange's bank account to the Exchange's shareholder's bank account, which is specified in the accounting system of the central depository;
  - 2) transfer of ownership of securities in accordance with paragraph 16 of this Policy.
18. Taxation of paid dividends is carried out in the manner prescribed by the legislation of the Republic of Kazakhstan.
19. The list of the Exchange's shareholders entitled to receive dividends must be compiled on the date preceding the date of commencement of dividend payment.
20. In the absence of information about the current details of the shareholder from the Exchange or in the system of registers of holders of securities, or the system of accounting for nominal holding, payment of dividends on ordinary shares of the Exchange is carried out in the manner and within the time limits specified by the statutory act of the authorized body, to an account opened with the central depository for accounting for unclaimed money.

#### Section 4. LIABILITY OF THE EXCHANGE AND ITS SHAREHOLDERS

21. The Exchange bears responsibility in accordance with the legislation of the Republic of Kazakhstan for violation of shareholders' rights to receive dividends.
22. A shareholder of the Exchange has the right to demand payment of unreceived dividends, regardless of the period of formation of the Exchange's debt.
23. A shareholder of the Exchange is obliged to notify the central depository and (or) the nominal holder of shares belonging to this shareholder about changes in the information necessary for maintaining the Exchange's shareholder register system within 10 (ten) working days .

The Exchange is not liable for losses caused to the shareholder and (or) his lost profit, and also does not pay fines (penalties, penalties) for late payment of dividends by the Exchange due to non-compliance by the shareholder with the requirement of paragraph one of this item.

#### Section 5. FINAL PROVISIONS

24. This Policy is subject to publication on the website of the Exchange [www.kase.kz](http://www.kase.kz).
25. Issues not regulated by this Policy are resolved in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Exchange, its internal documents, as well as decisions of the bodies and officials of the Exchange, adopted in the prescribed manner within their competence.
26. This Policy applies to all employees and officials of the Exchange involved in the process of paying dividends to the Exchange shareholders.
27. If, as a result of changes in the legislation of the Republic of Kazakhstan, certain provisions of this Policy come into conflict with them, these provisions of the Policy become invalid and until the relevant changes are made to the Policy, it is necessary to be guided by the current legislation of the Republic of Kazakhstan.
28. Responsibility for the timely updating of this Policy rests with the Management Board.

This Policy shall be reviewed given the need for its update at least once every three years to be counted from the date this Policy takes effect, and in case of its update – from the date the recent changes/additions take effect *(this paragraph was changed by a decision of the general meeting of shareholders Exchange dated 30 May of 2024).*

Chairperson of the Management Board

A. Aldambergen