

Message from the Chairman of the Management Board

Dear shareholders, investors,
clients and partners,

In 2021, our company, Kazakhtelecom JSC, again, as in the last decade, achieved all the goals set by its shareholders, while continuing to expand its digital infrastructure and launch new products and services.

By maintaining an effective balance between current operations and investments in the future, we have not only strengthened our positions in traditional segments, but also started successfully developing new market niches for us. Given that our investments in new projects are taking place against the backdrop of the gradual and systematic recovery of the Kazakh economy from the coronavirus pandemic, we are confident that they are in demand and profitable for both the Company and its clients.

Dear friends, the final stage of work on our report was a period of economic and financial uncertainty related to events in Ukraine. Exchange rate volatility, uncertainty over supplies of equipment and raw materials, new sanctions packages put forward by the West and Russia against each other at the end of February and the start of March will affect all areas of the economy in one way or another. The telecom sector cannot be out of these events, if only because its clients and their solvency are, unfortunately, directly affected by these negative trends, however we see this as a challenge rather than a problem. The challenge is to retain both our subscriber base and increasing profitability through cost optimization and new package offers.

I would like to remind you that not so long ago, in 2020, our Company has already faced a similar challenge: the impact

of the disaster and the associated restrictions, when whole industries were idle for months, also seemed potentially catastrophic for the global and Kazakh economies. The fall in income of the population and business of the country in spring 2020 was probably even larger than the effect of the sanctions currently forecast, but at that time we managed to maintain the trend of constant growth in the main indicators of our financial and business activity, which the Company has been demonstrating for a decade. We helped the Kazakh economy and population recover from the shocks, and in 2021 we almost returned to the way of life and living standards that were pre-panic, increasing the income of our shareholders.

This shows that Kazakhtelecom JSC is one of the strongest and stable market structures that can not only develop successfully themselves, but also provide new opportunities for its clients, both in retail and in the business segment. Now communications and information are becoming a new growth point on the global market, and telecommunications is becoming a core industry for the economy of any country — our Company intends to use this general planetary trend in the interests of our clients, in the interests of our partners and in the interests of our shareholders. We have already come to a time when our development will have a revolving, cumulative effect on the whole country.

I believed and believe that all the success of our Company is connected with the immense adaptability of our business model, which makes it possible for Kazakhtelecom JSC to maintain operational stability and effectively respond to time challenges, changes in the lifestyle of people and consumer demand.

Esekeev K.

Chairman of the Management Board of Kazakhtelecom JSC



I will give one specific example: our Company is probably the only structure in Kazakhstan engaged in the construction of Data Centers — at present Kazakhtelecom JSC has accumulated about 500 terabytes of various data on these facilities. They can be used to build various tools and products that make it possible to both prevent negative scenarios in society, medicine, trade and logistics, and

to develop models for the most effective functioning of state institutions and business structures. We already have positive practical experience in the use of big data during the period when the Company's developments allowed medical professionals and the country's authorities to reduce the risk of the spread of coronavirus by evenly distributing the load on the transportation artery and public institutions.

Similarly, by leveraging big data, we can help our businesses build the most effective network of their interactions with consumers of goods, work and services. In this regard, the optimization of the costs of Kazakhstan entrepreneurship through the use of Big Data tools will free up additional funds. They may again be aimed at further modernization of business processes in all sectors of the economy, including through the new developments of Kazakhtelecom JSC: this is the very revolving effect that increases the revenues of our Company and its clients on each new round. However, we need to be proactive in ensuring that this is a continuous process: by offering a single product to the consumer, we need to have practical experience in developing it in the future.

Here I would like to express my deep gratitude to our shareholders, who support the management of the Company in carrying out its extensive investment policy. It is entirely fair to believe that the constant development of the Company is much more profitable than an increase in short-term profits, since only this full-fledged development makes it possible to increase the value and profitability of their shares without "blowing" on the bubble market, which may be bursting due to the slightest negative externalities. The current situation on the markets confirms this — in the event of a fall in the value of the securities of many companies at the end of February 2022, the ordinary shares of Kazakhtelecom JSC were in the price range of about KZT 35,000, although a year ago they were worth KZT 27,000.

Dear shareholders, investors, clients and partners, this indicator, as well as other indicators of our financial and business activity, indicates that the growth of our Company for more than 10 years is truly high-quality and guarantees its stability and stability. I think this is one of the main achievements of our management, and I can take the duty to assure you that this model of development of the Company will help us to successfully overcome all the negative consequences of the current situation and become the foundation for eliminating these negative consequences in other sectors of the Kazakh economy: the financial and economic "health" of our clients is critical to us, so we are ready to become one of the drivers of the development of the national economy.

Last year we have already launched a number of new products and entered completely new markets: all the most important events and decisions made in 2021 are reflected

in the Annual Report, which I am pleased to present to you. Here you will find the main indicators by which the Company's activity is assessed — technical, financial and sectoral indicators, analysis of work in various market segments, project progress, as well as information on the operations of subsidiaries and plans for the upcoming period. Once again, I would like to emphasize that all the tasks we set ourselves for this year were achieved, all the goals were achieved, and at the same time we continued to develop our competencies, including in such areas as Internet of Things, Big Data, system integration, and a number of others.

The financial component of our Company's operations in 2021 was also successful both in terms of revenue and target profitability and in meeting all shareholder return obligations. We have successfully continued to transform Kazakhtelecom JSC into a business ecosystem and strengthened our leadership in the telecom sector — the core part of the business that continues to generate the majority of our revenue. The quality of our services leads to greater customer loyalty, as evidenced by the growing customer base. The actual level of EBITDA/interest expenses and debt/EBITDA indicators in 2021 are better than planned and significantly better than the actual level in 2020, and the Company's moderate debt is now becoming one of the key characteristics of its stability.

Our efforts in this area are confirmed by an independent international assessment: for example, analysts from Standard & Poor Global Ratings confirmed the level of BB+ assigned to the Company in their October report in 2021 (the forecast is stable), highlighting the high level of profitability and a moderate level of debt with a significant amount of free cash flow generated from operating activity.

These same considerations also served as the basis for an assessment of the credit potential of Kazakhtelecom JSC in December 2021 by Fitch Ratings, which confirmed the rating of our Company at the level of BBB- (the forecast is stable), i.e. international analytical structures believe that the country's largest telecom operator has achieved an optimal balance of income and expenses, allowing it not to stop developing at the same time, and to meet all shareholder requests.

I believed and believe that all the success of our Company is connected with the immense adaptability of our business model, which makes it possible for Kazakhtelecom JSC to maintain operational stability and effectively respond to time challenges, changes in the lifestyle of people and consumer demand. We are constantly and rapidly changing the way we interact with our clients, making it as convenient as possible for the consumer of our services — throughout the past year we have improved and supplemented the online network that was deployed during the period of the disaster, and will continue this work in 2022. This example is just a small part of the global business restructuring work that Kazakhtelecom JSC is constantly doing in order to help address global societal challenges in the long term and effectively exploit new growth opportunities, increasing the shareholder value of our asset.

I note that we consistently and consistently shift the focus of our management efforts towards digital, which is reflected in the evolution of the internal organizational structure from functional to product-oriented. We clearly follow the core principles of our new strategy to become a first-choice brand, a digital platform and an effective organization. Our actions in this area attract a positive response from our clients. It is enough to say that by now most of them have completely switched to the use of online tools for interacting with the Company, and the TV + teleplatform we launched last spring, which makes it possible to use it on any gadget, has quickly gathered an audience of 200,000 subscribers. Our products are created using technologies such as the Internet of Things, unique object recognition, cloud storage and data processing, Big Data services — and, looking ahead, I will say that this year, 2022, our product line will be expanded again.

With the launch of the transformation program, we revised approaches to business process management using a flexible agile methodology in management, and now digitalization both within the structure

of Kazakhtelecom JSC and in the market is being implemented through the implementation of the practice of quick solutions and point-oriented focus on a specific result. As a result, the key HR asset involved in the digitalization process (InDigiCo — B2C and B2B teams that directly develop and implement online client routes) becomes a center of digital competence. This allows us to significantly increase the financial effect of implementing the Serpin Transformation Program, which in 2021 amounted to about KZT 6 billion . At the same time, of course, the key to the successful development of Kazakhtelecom JSC is not the technology, but the people who create them, so the Company constantly adheres to the principles of social security of employees, creating all the conditions necessary to unlock their creative potential. This approach to human resources, among other things, becomes the key to the success of Kazakhtelecom JSC in the most difficult times.

In 2022, we will focus on being the best provider of telecommunications services for our subscribers and the best employer in the industry. To do so, we will continue to improve the tariff line for subscribers to meet their qualitative and quantitative needs, and will expand the portfolio of digital services for private and corporate clients. As a good faith, responsible and customer-centric telecom operator, Kazakhtelecom JSC will focus on data integrity and information protection. We will not stop the development of the fourth-generation networks, but at the same time we will actively upgrade the Company's infrastructure with the aim of quickly switching to the launch of the 5G standard, which will help to develop the Internet of Things in the country, make the use of smart cities, AVs, telemedicine a habit — ultimately, to improve the lives of every Kazakhstan citizen.

In conclusion, I would like to express my true thanks to all members of the Board of Directors, Management Board and all Company employees for their integrity, creativity and professionalism. It is our team that gives me confidence that there are no impracticable tasks for our Company, there are no unrealistic goals — and I am sure that we will be able to build a business in new digital segments in the near future, launch new programs on technological transformation of network infrastructure, and bring Kazakhtelecom JSC to a completely new level of quality. With the support of our clients, partners and shareholders, we will be able to achieve all the goals set.