

Preface

Please find below the latest integrated report on the activities of Kazakhtelecom JSC (Kazakhtelecom JSC/Company) for 2021, which we are delighted and proud to share with all interested parties. This document, containing financial indicators, strategic benchmarks and business results of the Company, demonstrates our openness to all stakeholders, investors and the public. The report reflects the real state of the Company over the past period in a comprehensive manner, and is based on a vision of development of the entire telecom industry of Kazakhstan as a whole. Reporting of this kind is not only able to satisfy the professional interest of the expert community — it is a real opportunity for the Company to take a more focused look at all its internal processes, thereby providing data driven decision management. For this reason, Kazakhtelecom JSC, like no other, is interested in the appearance of a full and objective review of the financial and business activity of all its structures and divisions.

Should be noticed that after the strong momentum for the development of the telecommunications market, which arose against the backdrop of the climate restrictions in 2020, last year was marked, first and foremost, by an internal restructuring aimed at ensuring prompt decision-making and mobility in business process management. In practice, this means that our approach to management has become more goal-oriented and customer centric than before. We focused on eliminating barriers within our system that to some extent did not allow us to achieve the stated goals at the right time and did not allow us to solve client needs here and now in real time. This restructuring is a fairly time consuming process, as in some cases we have to disassemble a huge chain of inefficient interrelated processes, consisting of fairly "tight units". Each of you understands that a technology company is a multi-tiered and branched system in which it is difficult to divide processes into priority and less important ones, since these processes are often closely interrelated.

However, last year we achieved an effective cross-function and, most importantly, we saw a positive assessment of our efforts on the part of our clients, since our mechanisms worked at very different rates. One of the results of our management reforms was digital products that allowed clients to manage their services independently, without physically interacting with our offices: whereas in 2020 we allowed clients to communicate with us through the introduction of online chat rooms, last year digital channels took on a full-fledged function to provide advisory and legal support to customers requests. Moreover, by improving government regulations, we ensured full online support and signing of contracts in the mobile app for individuals. The client engagement processes and our portal for individuals and legal entities were also transferred to the online environment. Without a doubt, 2021 was held at Kazakhtelecom JSC under the sign of digital activity.

At the same time, we continued to expand the subscriber base and telecommunications infrastructure in the country through the development of new local networks on the basis of the FOCL RS project with the government. We implemented two important initiatives here: we launched a pilot project "Partner in the SNP", which stipulates cooperation with entrepreneurs and provides the right to independently connect the end user to the Internet from the nearest line. In addition, we have launched eQoldau open Internet access points, where the portals are equipped with USB sockets, a system for reading biometric data to identify the user, etc. These terminals make possible to order identification documents, obtain and download any state certificate on the flash card, register for a doctor's turn, purchase any goods and order courier delivery — i.e. they bring absolutely all the digital services available to our urban population to the village. Thus, Kazakhtelecom JSC, without the participation of the state, continues to work on the final elimination of the digital disparity between the rural and urban population.

Herewith, one of the main infrastructure problems is the connection to the fiber-optic Internet — this connection is now really a key technology in providing consumers with high-quality broadband Internet access. However, this is a fairly expensive product from a technological point of view, with large labor costs on laying wired networks to each apartment or household. For this reason, last year the Company was the first in Central Asia and one of the few in the world to launch FWAs for fixed wireless Internet access. This technology provides dedicated networks with a separate radio frequency range of 2,300 MHz (band 40) and provides broadband access services to households in the private sector. This year, we intend to scale our experience of building pilot FWAs across the country, and it should be noted that after a slight upgrade, the FWAs will be ready in the future for migration to 5G technology, which will make possible to increase their capacity.

Last year was also another milestone in the diversification of our business — we cover related industries, issuing new products and services. In particular, recognizing that the life of the population is gradually migrating to digital space, last year we continued to develop the IMedicus online service — digital medical services. To date, more than 120,000 consultations with more than 220 doctors of various profiles have been conducted through this appendix. An example of digital diversification is TV+, which we launched in spring 2021 and provides users with a wide range of both foreign and domestic content. Whereas at the time of launch only Kazakhtelecom subscribers could become users of the platform, today this opportunity is given to all those who want it — more than 200,000 people have already become users of the platform.

Of course, the most important indicators of the Company's performance that we and all stakeholders, together with potential investors, are data on the financial and economic activity of the country's largest telecom operator. You can read them more detailed later in our report. Note only that the Company's revenue and net profit growth trend, which took shape over the past decade, continued. At the same time, Kazakhtelecom JSC JSC, despite the active development of new market segments and the launch of new projects, keeps its debt obligations at a moderate level, making it possible to ensure the financial stability of the asset: in October 2021 the international agency Standard & Poor Global Ratings confirmed the level of BB+ assigned to the Company in its latest report (stable forecast). In December, another Fitch Ratings rating agency also confirmed our Company's rating at the level of BBB- (Stable forecast).

In both cases, the conclusions of international rating structures were based on the Company's high profitability indicators and a moderate level of debt, with a significant amount of free cash flow generated from operating activity. Another important criterion for the success of all our actions for the Company's management is the positive feedback from subscribers — our NPS, the customer loyalty index for the brand of Kazakhtelecom JSC JSC. As follows from the report below, this indicator of the readiness of our subscribers to re-purchase the Company's products and services also shows an annual increase, which attests to the correctness of our chosen development path. We will continue to be governed by the obligations placed on us on the part of shareholders and the public, the real needs of the market for the development of a specific segment of the telecommunications sector, and the requirements on the quality of services and services on the part of the clients of Kazakhtelecom JSC JSC.