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If you have sold or otherwise transferred all of your Shares or GDRs, please at once bring this document to the attention of the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. **However, this document and/or the Form of Proxy should not be forwarded or transmitted in or into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction except pursuant to a permissible exemption.** If you have sold or otherwise transferred only part of your holding of Shares or GDRs, you should consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

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This document contains no offer of transferable securities to the public within the meaning of section 102B of FSMA, or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Regulation Rules of the FCA or otherwise approved by the FCA.

KCELL JOINT STOCK COMPANY

(incorporated as a joint stock company organised under the laws of the Republic of Kazakhstan with registered number 1201-1910-06-AO(IU))

Cancellation of admission of GDRs to the Official List and to trading on the London Stock Exchange and to listing and trading on the Astana International Exchange

and

Extraordinary General Meeting

You should read the whole of this document carefully including the risk factors set out in Part IV of this document. Your attention is also drawn to the letter from the Chairman of the Company, which is set out in Part III of this document and which contains information in respect of the Resolutions to be proposed at the Extraordinary General Meeting to be held on 9 April 2021.

Capitalised words and phrases used in this document shall have the meanings given to them in Part I of this document.

The Extraordinary General Meeting will be held at 2G, Timiryazev street, Almaty 050013, Republic of Kazakhstan at 15:00 (Almaty time) on 9 April 2021. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete a Form of Proxy for use at the Extraordinary General Meeting. The Form of Proxy, to be valid, should be completed, signed and returned to the Company, in accordance with the instructions printed on it. The completion and return of a Form of Proxy will not preclude Shareholders from attending the meeting and voting in person, should they wish to do so.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

All references to time in this document are to London time (unless otherwise stated).

A copy of this document will be made available, free of charge, at the following website: https://investors.kcell.kz/en. For the avoidance of doubt, save as expressly referred to in this document, the contents of the website referred to in this paragraph are not incorporated into and do not form part of this document.

The statements contained in this document are not to be construed as financial, legal or tax advice.

Forward-looking statements

This document, including information included or incorporated by reference in this document, includes statements that are, or may be deemed to be, ‘‘forward-looking statements" concerning the Company that are subject to risks and uncertainties. These forward-looking statements can be identified by the use of forward-looking terminology including, but not limited to, the terms ‘‘believes", ‘‘estimates", ‘‘anticipates", ‘‘expects", ‘‘intends", ‘‘may", ‘‘target", ‘‘will" or ‘‘should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include, but are not limited to, statements regarding the Company's intentions, beliefs and statements of current expectations concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth, potential acquisitions, strategies and as to the industries in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. Forward-looking statements are not guarantees of future performance and the actual results of the Company's operations, financial condition and liquidity and the development of the country and the industries in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements or industry information set out in this document, whether as a result of new information, future events or otherwise. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.

No profit forecasts or estimates

Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Group following completion of the Proposals unless otherwise stated.

Rounding

Certain figures included in this document have been subjected to rounding adjustments.

Exchange rate

The exchange rate used in this document for the conversion of Tenge to US dollars is 414.94 Tenge per Dollar, being the relevant exchange rate on 24 February 2021. This exchange rate was obtained from the official website of the National Bank of the Republic of Kazakhstan.

The date of this document is 25 February 2021.

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PART I

DEFINITIONS

In this document the following expressions have the following meanings unless the context otherwise requires:

"Admission and Disclosure Standards"	the LSE's admission and disclosure standards for securities admitted or seeking to be admitted to trading, as amended from time to time;
"AIX"	the Astana International Exchange;
"AIX Delisting"	the cancellation of the listing and trading of the GDRs on the AIX;
"Board"	the board of directors of the Company;
"Charter"	the charter of the Company, as amended from time to time;
"Company"	Kcell Joint Stock Company, a company registered in accordance with the laws of the Republic of Kazakhstan;
"Delisting"	the LSE Delisting and the AIX Delisting;
"Deposit Agreement"	the depositary agreement dated 23 October 2012 between the Company and the Depositary;
"Depositary"	Deutsche Bank Trust Company Americas;
"Depositary Programme"	the depositary programme in place for the Company in accordance with the Deposit Agreement;
"Depositary Programme Termination"	the termination, at the direction of the Company, of the Deposit Agreement, the consequences of which are further summarised at paragraph 7 of Part III of this document;
"Deposited Property"	the Shares deposited with the custodian appointed by the Depositary and all and any rights, interests and other securities, property and cash for the time being held by such custodian or the Depositary or their respective agents and attributable to the deposited Shares pursuant to the provisions of the Deposit Agreement;
"Directors"	the members of the Board;
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held at 2G, Timiryazev street, Almaty 050013, Republic of Kazakhstan at 15:00 (Almaty time) on 9 April 2021 (or any adjournments thereof);
"Disclosure Guidance and Transparency Rules"	the Disclosure Guidance and Transparency Rules of the FCA;
"FCA"	the Financial Conduct Authority of the United Kingdom;
"Form of Proxy"	the form of proxy for the EGM;
"**FSMA**"	the UK Financial Services and Markets Act 2000, as

	amended;
"GDR Holders"	holders of GDRs from time to time;
"GDRs"	global depositary receipts representing Shares (with one GDR representing one Share);
"Group"	the Company together with its subsidiary undertakings;
"IPO"	the Company's admission of GDRs to the standard listing segment of the Official List and to trading on the Main Market on 17 December 2012;
"JSC Law"	the Kazakhstan law "On Joint-Stock Companies" dated 13 May 2003, as amended from time to time;
"KACD"	the Kazakhstan Central Securities Depositary;
"KASE"	Joint-Stock Company Kazakhstan Stock Exchange;
"Kazakhtelecom"	Kazakhtelecom JSC, a company registered in accordance with the laws of the Republic of Kazakhstan;
"KZT" or "Tenge"	Tenge, the lawful currency of the Republic of Kazakhstan;
"Latest Practicable Date"	24 February 2021;
"Listing Rules"	the rules published by the FCA and contained in the Listing Rules Sourcebook;
"LSE"	London Stock Exchange plc;
"Main Market"	the main market of the LSE;
"Official List"	the Official List of the FCA;
"Proposals"	the proposed Delisting and the Depositary Programme Termination, the subject of this document;
"Put Option Right"	the Shareholders' right to require the Company to purchase the Shares and the GDRs in case of the occurrence of certain events in accordance with the JSC Law;
"Regulatory Information Service"	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
"Resolutions"	the resolutions of the Shareholders to be proposed at the EGM;
"Shareholders"	holders of Shares including, where the context so requires, holders of GDRs;
"Shares"	common shares in the capital of the Company of par value of KZT 169 each;
"Share Valuation Methodology"	the methodology for determining the Share price in case of their repurchase by the Company;
"UK MAR"	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) as applied in the UK;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;

"United States of America", "United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all areas subject to its jurisdiction; and
"US$" or "US dollar"	United States dollars, the lawful currency of the United States of America.

PART II

INDICATIVE TIMETABLE

For information purposes only, the proposed timetable for the Proposals is set out below.

Convening of the EGM by the Board	23 February 2021
EGM	9 April 2021
Depositary Programme Termination	7 July 2021
Last day of dealings in the GDRs on the LSE and the AIX	7 July 2021
Cancellation of the admission of the GDRs to the Official List and to trading on the LSE and on the AIX	7 July 2021

Notes:

1. The dates are based on the Company's current expectations and may be subject to change.
2. Any changes to the timetable set out above will be announced via a Regulatory Information Service.

PART III

LETTER FROM THE CHAIRMAN OF THE COMPANY

KCELL JOINT STOCK COMPANY

(incorporated as a joint stock company organised under the laws of the Republic of Kazakhstan with registered number 1201-1910-06-AO(IU))

Directors:

Alexey Buyanov (independent director, Chairman of the Board of Directors)
Rashit Makhat (independent director)
Dinara Inkarbekova (independent director)
Vladimir Popov (independent director)
Kuanyshbek Yessekeyev (representative of shareholder Kazakhtelecom JSC)
Timur Turlov (representative of shareholder Freedom Finance JSC)
Jere Calmes (independent director)

Registered office:

Samal 2, 100
Almaty 050051
The Republic of Kazakhstan

25 February 2021

To the Company's Shareholders, GDR Holders and, for information purposes only, to persons with information rights

Dear Shareholder

Cancellation of admission of GDRs to the Official List and to trading on the London Stock Exchange and to listing and trading on the Astana International Exchange
Extraordinary General Meeting

1. Introduction

On 24 February 2021, the Company announced the convening of an Extraordinary General Meeting of Shareholders of Kcell JSC on 9 April 2021 to approve the Delisting and the giving of notice of the Depositary Programme Termination. Once approved by the Shareholders at the EGM, it is anticipated that the Company will give notice of the Depositary Programme Termination to the Depositary and the effective date of the Depositary Programme Termination and the Delisting will be on or around 7 July 2021.

The purpose of this document is to:

(a) explain the background to, and reasons, for the Proposals; and

(b) provide you with details of the Proposals.

The Proposals are to be considered and approved by Shareholders at the EGM, which is being convened at 15:00 (Almaty time) on 9 April 2021, at 2G, Timiryazev street, Almaty 050013, Republic of Kazakhstan.

Please read this document and, in particular, the risk factors in Part IV of this document thoroughly and completely. Where appropriate, independent financial, tax and legal advice should be sought in order to reach a balanced judgment with respect to the Proposals.

2. Background to and reasons for the Proposals

2.1 Background

The Company provides mobile voice telecommunications services, messaging services, value-added services such as multimedia and mobile content services, as well as data transmission services including internet access. It has two brands: the Kcell brand, which is targeted primarily at corporate subscribers, and the Activ brand, which is targeted primarily at mass market subscribers. The Company offers its services through its extensive, high quality network, which covers substantially all of the populated territory of the Republic of Kazakhstan.

In December 2012, the Company successfully completed its offering of GDRs on the LSE and Shares on KASE. The price was set at US$10.50 per GDR and KZT 1,578.68 per share with each GDR representing one share. The offering consisted of 50 million shares, which represented 25 per cent. of the Company's share capital.

On 21 December 2018, Kazakhtelecom acquired the 75 per cent. stake in the Company held by Telia Company and Fintur Holdings B.V.

On 6 February 2020, the Shares and GDRs were admitted to the AIX's official list. Trading of the GDRs on the AIX commenced on 7 February 2020.

On 8 February 2021, the Company published its Q4 and 2020 year-end report. In the year ended 31 December 2020 the Group had total revenues of KZT 174,684 million (US$421 million), 11.5 per cent. higher than the KZT 156,657 million (US$377.5 million) of revenues in the year ended 31 December 2019, while EBITDA, excluding non-recurring items, increased by 12.1 per cent. to KZT 72,147 million (US$173.8 million) (KZT 64,364 million (US$155 million) in the year ended 31 December 2019). EBITDA margin was 41.3 per cent. compared to 41.1 per cent in the previous financial year.

Following a request made by the Company's majority shareholder, Kazakhtelecom, on 3 February 2021 to delist the GDRs, the Board has given serious consideration to the low liquidity and poor trading performance of the GDRs and the reduced benefits to the Company of the listing of the GDRs versus the costs and management effort involved in respect of the listing of the GDRs.

The Board has carefully considered the options available to the Company to address these issues. In reaching its conclusion, the Board considered the following possible options:

(a) the cancellation of the listing of the GDRs on the Official List and from trading on the Main Market;

(b) the cancellation of the listing and trading of the GDRs on the AIX;

(c) the Depositary Programme Termination; and/or

(d) the cancellation of the listing and trading of the Shares on KASE.

2.2 Reasons for the Proposals

The Board believes that the following factors are relevant when Shareholders and GDR Holders consider the Proposals:

Continued market for the trading of Shares

Maintenance of the listing of the GDRs on the Official List and on the AIX, along with the listing of the Shares on the KASE, results in low liquidity levels and fragmented trading patterns of the respective instruments on each of the three exchanges.

Trading volumes of the GDRs on the Main Market have totalled US$111,000 in the last 3 years, US$50,000 in the last year and US$40,000 in the last 3 months, while trading volumes of the GDRs on the AIX have totalled US$881,081 since trading commenced, US$703,844 in the last year and US$177,243 in the last 3 months. This compares to trading volumes of the Shares on KASE totalling US$290,000 in the last 3 years, US$490,000 in the last year and US$130,000 in the last 3 months.

The minimum GDR price on the Main Market was US$4.10 over the last 3 years, US$5.20 over the last year and US$5.80 over the last 3 months, while the minimum price of the GDRs on the AIX since trading commenced has been KZT 2,427 and KZT 2,452 in the last 3 months. The minimum price of the Shares on KASE was KZT 1,510 over the last 3 years, KZT 2,272 over the last year and KZT 2,460 over the last 3 months.

The maximum price of the GDRs on the Main Market was US$7.70 over each of the three corresponding periods, while the maximum GDR price on the AIX since trading commenced and over the last 3 months was KZT 2,815. The maximum Share price on KASE was KZT 2,840 over each of the three corresponding periods.

The Board believes that reducing the number of markets on which its securities are traded, and the resulting concentration of trading of the Shares on KASE, will improve liquidity levels and trading patterns.

Furthermore, by maintaining the listing and trading of the Shares on KASE, existing GDR Holders who choose to convert their GDRs into Shares and Shareholders will have a market on which to continue to trade securities in, or, if they choose, to realise their investments in, the Company.

The reduced benefits of the listing of the GDRs

The volume of secondary trading in the GDRs observed on the Main Market and on the AIX is very low and, in the opinion of the Board, limits the potential for additional equity offerings by the Company. With the benefit of advice from its advisers, the Board is of the opinion that it would be very difficult for the Company to attract any meaningful equity investment in the future through its listing of GDRs.

Furthermore, the Company does not have plans to access the international equity capital markets in the near future in view of the Company's funding strategy.

The costs and management effort involved in maintaining the *listing of the GDRs*

The Company's costs and management effort required to maintain the Company's status as an LSE and AIX listed company and maintenance of the Depositary Programme are not justified given the low liquidity of GDR trading on the Main Market and AIX. The Directors estimate that the direct and indirect costs associated with the listing of the GDRs have been in excess of US$2.8 million in aggregate since the IPO in 2012, taking into account the recurring costs of listing, maintaining the Depositary Programme and costs associated with the listings including, *inter alia*, advisory, investor relations, legal and audit fees.

On the implementation of the Proposals a substantial proportion of these costs will be eliminated due to reduced board and management costs, the elimination of fees directly related to the listings, fees from external advisers being reduced substantially and the reduction of investor relations, general and administrative expenses associated with the requirements of a company listed on a regulated market. In addition, the organisational inefficiencies and diversion of management attention from operations to investor communications and to maintaining the listings will be eliminated.

The costs and management time associated with the Company's listing of the GDRs and the maintenance of the Depositary Programme exceed its benefits and the Board believes that such resources could be better utilised within the future operations and projects of the Company.

Kazakhtelecom initiated and supports the Proposals, subject to a formal decision of its governing bodies. As at the Latest Practicable Date, Kazakhtelecom held 150 million of the Shares, being 75 per cent. of the Shares (including Shares represented by GDRs) in issue.

3. The Proposals

3.1 Summary

The Proposals comprise:

(a) the convening and holding of the EGM to pass the Resolutions approving the Delisting and the Depositary Programme Termination;

(b) once the Resolutions are passed at the EGM, the giving of notice of the Depositary Programme Termination by the Company to the Depositary;

(c) the availability of the Put Option Right in connection with the Proposals;

(d) the Depositary Programme Termination; and

(e) the Delisting.

3.2 The EGM

The Resolutions to be proposed at the EGM will seek approval for:

(a) the Delisting; and

(b) the Depositary Programme Termination.

The Resolutions require a simple majority of votes exercised at the meeting to be passed. Further details are set out in paragraph 4 of this Part III.

3.3 The Depositary Programme Termination

The Deposit Agreement contains undertakings by the Company to use all reasonable endeavours to maintain a listing of the GDRs on the Official List and admission to trading on the Main Market. In the event that such GDR listing is not obtained and maintained and where the Company can no longer maintain a listing for the GDRs on the Official List and admission to trading on the Main Market, the Company has undertaken in the Deposit Agreement to use all reasonable endeavours to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe as it may decide.

Once the Resolutions are passed at the EGM, the Company will give notice to the Depositary to terminate the Deposit Agreement. Details of the Depositary Programme Termination are set out in paragraph 5 of this Part III.

3.4 The Put Option Right

In accordance with the JSC Law, Shareholders who vote against the Resolutions to be proposed at, or who do not attend, the EGM have the right to require the Company to purchase their Shares.

Additionally, in accordance with the JSC Law, GDR Holders who vote against the Resolutions to be proposed at, or who do not appoint a representative to attend, the EGM would have the right to require the Company to purchase their GDRs if information about the GDR Holder is disclosed in the KACD system and Shares represented by the GDRs become voting shares.

Alternatively, GDR Holders may, on the payment of the applicable fees under the Deposit Agreement, surrender their GDRs for the underlying Shares to exercise such Put Option Right.

Further details of the surrender procedure is set out in paragraph 5 of this Part III.

A Shareholder or GDR Holder will have 30 calendar days from the date of the relevant triggering event to exercise the Put Option Right. Subject to certain limitations established by the JSC Law (the principal one being that the aggregate amount payable by the Company to the Shareholders and/or the GDR Holders exercising their Put Option Right must not exceed 10 per cent. of the equity capital), the Company must purchase the Shares and GDRs pursuant to the Put Option Right within 30 calendar days of the exercise of the Put Option Right. Given the statutory limit the maximum sum which would be available for payment by the Company to the GDR Holders, exercising their Put Option Right, under the laws of Kazakhstan is KZT 8,208 million (US$19.7 million).

Such purchase must be carried out in accordance with a procedure set out in the JSC Law and at a price established by the Share Valuation Methodology, namely at the book value of the Shares. The book value of each Share is calculated using the following formula:

$$BV = (E - L)/N,$$

where:

BV = the book value of each Share;

E = the book value of the Company's share capital at the beginning of the quarter when the calculation is made;

L = the foreseeable losses of the Company for the entire quarter when the calculation is made;

N = the total number of all Shares in issue as of the date of calculation, except for the Shares already redeemed by the Company.

and is currently KZT 410.42 per Share.

Taking into account the maximum sum available for payment to the GDR Holders and given the book value of each Share above, the Company would be able to purchase 20 million GDRs. If the actual number of the GDRs for purchase by the Company exceeds 20 million, all requests by the GDR Holders to exercise their Put Option Right would be handled by the Company *pro-rata*.

Any consideration payable by the Company on the exercise of a Put Option Right will be subject to Kazakhstan withholding tax.

3.5 The Delisting

Once the Resolutions are passed at the EGM, the Company will apply for the cancellation of the listing of the GDRs on the Official List and of their trading on the LSE and the cancellation of the admission of the GDRs to the official list of, and to trading on, the AIX.

The Delisting would take effect either simultaneously with the Depositary Programme Termination or shortly thereafter. Further details are set out in paragraph 6 of this Part III.

4. The EGM

Although the Company is not required under the Listing Rules or the rules of the AIX to obtain prior approval from the Shareholders in order to implement the Delisting, the Board has received legal advice that the Delisting and the Depositary Programme Termination are within the exclusive competence of the EGM and therefore must be approved by the Shareholders at an EGM. Accordingly, at the EGM to be held on 9 April 2021, the Resolutions will be proposed, authorising the Board to proceed with the Delisting and the Depositary Programme Termination.

The Resolutions will require approval from a simple majority of the votes cast at the EGM, at which at least 50 per cent. of the issued share capital of the Company is present or represented. The Resolutions are likely to be passed at the EGM due to the fact that it is on the initiative of Kazakhtelecom (which holds approximately 75 per cent. of the Shares in issue) that the Board is convening the EGM, at which the Resolutions will be proposed.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Please read paragraph 7 of this Part III and the risk factors in Part IV of this document carefully to understand the Proposals and the consequences of them. Shareholders, GDR Holders, banks and brokers who have questions about the Proposals ahead of the EGM may contact:

Irina Shol, Kcell JSC
2G, Timiryazev street, Almaty 050013, Republic of Kazakhstan
T +7 727 2582755 ext. 1002

5. The Depositary Programme Termination

The Deposit Agreement contains undertakings by the Company to use all reasonable endeavours to maintain a listing of the GDRs on the Official List and admission to trading on the Main Market. In the event that such GDR listing is not obtained and maintained and where the Company can no longer maintain a listing for the GDRs on the Official List and admission to trading on the Main Market, the Company has undertaken in the Deposit Agreement to use all reasonable endeavours to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe as it may decide.

Once the Resolutions are passed at the EGM, the Company will give the 90 calendar days' notice to the Depositary to terminate the Deposit Agreement on 7 July 2021. Following such notice, and as required under the terms of the Deposit Agreement, the Depositary will separately give notice to the GDR Holders of the termination of the Deposit Agreement.

During the period until the termination of the Deposit Agreement on 7 July 2021, each GDR Holder is entitled to obtain delivery of the Deposited Property relating to each GDR held by it, subject to the provisions of condition 2.4 and upon compliance with condition 2 of the Deposit Agreement, and further upon payment by the GDR Holder of any sums for such delivery and surrender specified in, and otherwise in accordance with, the Deposit Agreement.

If any GDRs remain outstanding after the date of termination on 7 July 2021, the Depositary will as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and will not register transfers, will not pass on dividends or distributions or take any other action except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to GDR Holders which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by their GDRs.

If any GDR Holder has any questions about the surrender procedure, please contact the Depositary, Deutsche Bank Trust Company Americas, 60 Wall Street, New York, NY 10005, United States of America, telephone: +1 212-250-9100 and email: adr@db.com.

The Company is considering what, if any, assistance it might be able to arrange to assist GDR Holders in transferring their investments in the Company from GDRs to Shares that can be traded on KASE.

6. Delisting

Once the Resolutions are passed at the EGM, the Company will apply for the cancellation of the listing of the GDRs on the Official List and of their admission to trading on the LSE and the cancellation of the admission of the GDRs to the official list of, and to trading on, the AIX.

Under the Listing Rules, the Company must advise the FCA of a delisting of the GDRs from the Official List not less than 20 business days before the date it intends the listing to be cancelled. Under the Admission and Disclosure Standards, the Company must advise the LSE of the delisting from the LSE not less than 20 business days before the date it intends trading in the GDRs to be discontinued.

The Company will submit notices to cancel the admission of the GDRs to the Official List and to trading on the LSE after the Put Option Right, which will arise after the EGM has expired.

The Company will also submit an application for the delisting of the GDRs from the AIX with a view to aligning the date of the AIX Delisting with the date of the LSE Delisting.

7. Consequences for Shareholders and GDR Holders of the implementation of the Proposals

The principal effects of the Proposals, and the factors that the Directors believe that:

(a) Shareholders and GDR Holders should take into consideration when deciding whether or not to vote against the Resolutions so as to become entitled to exercise the Put Option Right, and

(b) GDR Holders should take into consideration when deciding whether or not to sell some or all of their GDRs and/or whether or not to surrender some or all of their GDRs in exchange for Shares, in each case, before Delisting and the Depositary Programme Termination,

are as follows:

Trading and liquidity

Following publication of this document and following the Delisting, the liquidity and marketability of the GDRs may be significantly reduced and the trading price of GDRs may be adversely affected as a consequence. However, holders of Shares (including holders of GDRs who surrender their GDRs in exchange for Shares prior to Delisting and the Depositary Programme Termination) will continue to be entitled to trade such Shares on KASE.

Depositary Programme Termination

If a GDR Holder does not request delivery to it of the Shares underlying its GDRs before the Depositary Programme Termination on 7 July 2021, such Shares will be sold on behalf of the GDR Holder by the Depositary and the net proceeds of sale returned to the relevant GDR Holder upon surrender of its GDRs.

Withdrawal from the Depositary Programme prior to Delisting

Prior to Delisting, a withdrawal of Shares from the Depositary Programme requires the payment of certain fees, taxes, duties, charges and expenses under the Deposit Agreement.

Disclosure and reporting

Following the Delisting, the Company would no longer be required to comply with UK MAR or any of the Listing Rules or the Disclosure Guidance and Transparency Rules of the FCA, applicable to non-UK companies with depositary receipts admitted to the Official List and to trading on the LSE.

Implications for certain GDR Holders

The Delisting may have implications for GDR Holders, for example, those who are required only to hold listed securities on a regulated market.

The continued trading of the Shares on KASE

The Proposals relate solely to the GDRs of the Company and not the Shares, which will continue to be admitted to listing and trading on KASE.

Please read the risk factors in Part IV of this document carefully to understand the risks in retaining GDRs and/or Shares following the implementation of the Proposals.

8. Documents available for inspection

Copies of the following documents will be made available to Shareholders, up to and including the EGM:

(a) the Charter;

(b) this document; and

(c) the Form of Proxy.

The above mentioned documents are available on the Company website https://investors.kcell.kz/en as of 25 February 2021. Until publication of the printed versions, the internet versions of the meeting documents will be available for inspection during normal business hours on any weekday (except Saturdays and public holidays) at the business address of Kcell Joint Stock Company at 2G, Timiryazev street, Almaty 050013, Republic of Kazakhstan, as of 25 February 2021. Copies of these documents may be obtained free of charge at this address.

Yours faithfully

Alexey Buyanov
Chairman

PART IV

RISK FACTORS

All of the information set out in this document including, in particular, the risks described below, as well as their personal circumstances, should be carefully considered by Shareholders and GDR Holders prior to Shareholders and GDR Holders making any decision as to whether or not to vote against the Resolutions so as to become entitled to exercise the Put Option Right, and/or prior to GDR Holders deciding whether or not to sell some or all of their GDRs and/or to surrender some or all of their GDRs in exchange for Shares before Delisting and so as to understand the risks in retaining GDRs and/or Shares following the implementation of the Proposals.

An investment in the Shares involves a high degree of risk. The Company's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources could be materially and adversely affected by any of the risks described below. In such case, the market price of the Shares may decline and investors who decide to retain their Shares could lose all or part of their investment. Additional risks and uncertainties relating to the Company that are not currently known to it, or that it currently deems immaterial, may also have a material adverse effect on the Company's business, financial condition and operating results.

Furthermore, after the implementation of the Proposals in full, the price of the Shares may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous. Shareholders who retain their investment in the Company after the implementation of the Proposals in full should be aware that the value of their Shares could go down as well as up, and that they may not recover their original investment.

1. Risks related to the Proposals

The Company believes that the following principal risks and uncertainties apply in relation to the Proposals.

1.1 Depositary Programme Termination

If a GDR Holder does not request delivery to it of the Shares underlying its GDRs before the Depositary Programme Termination on 7 July 2021, such Shares will be sold on behalf of the GDR Holder by the Depositary and the net proceeds of sale returned to the relevant GDR Holder upon surrender of its GDRs.

1.2 Disclosure and reporting

Following the Delisting, the Company will no longer be subject to the regulatory and statutory regime which applies to companies with GDRs admitted to the Official List and to trading on the Main Market and the AIX.

1.3 Implications for certain GDR Holders

The Delisting may have implications for GDR Holders, for example, those who are required only to hold listed securities on a regulated market.

1.4 The Company's Share price and business may be adversely affected

Following the Delisting, the share price or business of the Company may be adversely affected by:

(a) negative reactions from the financial markets and from the Company's customers and employees;

(b) deflection of management time to pursue the Delisting; and

(c) unexpected expenditure in respect of the costs of Delisting, including but not limited to, fees and expenses relating to financial and legal advisers and the cost of the Depositary Programme Termination.

1.5 Risks related to business disruption

The announcement of the Delisting could cause disruption to the business of the Company. A significant amount of management time and costs will be invested in completing the Delisting. If the Company fails to manage these risks effectively, the business and financial results of the Group could be affected.

1.6 Shareholder tax consequences

The Proposals may have either positive or negative taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent adviser immediately.

2. Risks related to the Company’s business

The Company has identified the following principal risks and uncertainties that are key to its day-to-day operations, the occurrence of any one of which could materially and adversely affect the Company's business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and capital resources.

2.1 Strategic risks

The Company is subject to strategic risks, namely the potential for losses due to changes or errors in defining and implementing business strategy and development; changes in the political or regional environment; and fluctuations in the market or customer behaviour. This could include increased price competition caused by the activities of other mobile operators or new legislation. Most of these are considered high-risk, requiring the attention of the Company's management.

The Company seeks to mitigate these risks by protecting its leadership in ‘strong’ regions and by offering competitive tariffs and products to increase its market share.

2.2 Operational risks

The Company is subject to operational risks, namely the potential for losses due to defects or errors in internal processes, the supply chain, recruitment, culture and regulations. Most of these have a low risk rating and mitigating actions are already in place as part of the daily risk management procedures. The exceptions to this are information systems and technologies, which the Company categorises as high risk.

Protecting customer privacy and data management are vital parts of the service that the Company offers. Any data breaches could impact on business in both the short and long term. The Company's networks are supported by the latest information security systems with measures and processes in place to mitigate the threat of cyber-attacks.

2.3 Financial risks

The Company can be subject to financial volatility originating from various sources. The risk management framework seeks to minimise potential adverse effects on performance stemming from fluctuations in financial markets as well as other macro and microeconomic factors. The Company does not use derivative financial instruments to hedge risk exposure.

2.4 Credit risks

The Company’s credit risk policy ensures that products and services are sold only to customers and distributors with appropriate credit histories. Where corporate customers have independent credit ratings, these are applied. Otherwise, a risk control assessment is undertaken of a potential customer’s credit worthiness based on current financial position, credit history and other factors. Outstanding trade receivables and overdue balances are analysed and followed up by the management, and mobile services are disconnected if customers fail to settle their liabilities. With a highly diversified customer portfolio, which includes a large number of both individuals and companies, the Company has no significant concentration of credit risks. While income could be affected by economic factors, the management sees no significant risk of loss.

The Company has established relationships with several banks, which are considered to have minimal risk of default. The Republic of Kazakhstan itself is identified as an emerging market and carries certain inherent risks that apply equally to the banks that hold the Company’s cash, cash equivalents and term deposits.

The Company has a policy of investing only in financial instruments with high credit ratings, such as US Treasury bills.

2.5 Foreign exchange risks

The majority of the Company's purchases of property, plant and equipment and inventories, as well as revenues from certain services like roaming, are denominated in US dollars. As such, most of the Company’s foreign exchange risk relates to the movement of the Tenge against the US dollar, although profits are less susceptible to this. Given the undeveloped market for financial instruments in the Republic of Kazakhstan, the Company does not use derivative financial instruments to hedge its foreign exchange risk. However, the Company has a policy of matching assets and liabilities denominated in foreign currencies where possible and practicable.

2.6 Interest rate risks

Overall, the Company's income and operating cash flow are not dependent upon changes in market interest rates. As of 31 December 2020, the Company had no assets or liabilities with floating interest rates. However, the terms of the existing loan agreements give the banks the right to unilaterally revise interest rates in case of significant market fluctuations.

2.7 Legal risks

The Company is exposed to legal risks due to legal action or ambiguity in the application or interpretation of contracts, laws or regulations. The Company's legal department ensures compliance with current legislation, monitors amendments to legislation and participates in relevant draft law debates whenever possible.

2.8 Natural disaster/catastrophe risks

The Company is exposed to the risk of natural phenomena or processes that provoke catastrophic situations and which are characterised by a sudden reduction in the population, the destruction of infrastructure and property and/or death. The Company has implemented measures aimed at minimising disasters such as fires, accidents and incidents arising from human neglect. These include fire drills, fire alarm systems, regular vehicle servicing, preventive measures against seasonal illnesses, medical insurance, annual medical examinations, diesel generators for use during power failures, deliveries of reserve water supplies to employees and other preventive work.

PART V

INFORMATION INCORPORATED BY REFERENCE

Your attention is drawn to the following documents (or parts thereof) that are incorporated by reference into this document and which have been published on the Company's website:

The Company annual report and accounts 2019

The Company Q4 and 2020 year-end report

Available at: https://investors.kcell.kz/en