

# Kcell



ANNUAL REPORT FOR 2024

## NEXT GENERATION NETWORK FOR YOUR PRESENT

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Scan the QR code for more details

## COMPANY PROFILE

Kcell JSC (hereinafter – Kcell, Company) is a leading mobile operator of Kazakhstan providing a full range of telecommunication and digital services to its clients. The Company operates under two recognizable brands – Kcell and activ – covering all key market segments. Kcell JSC is part of the Kazakhtelecom JSC group of companies, which holds a key position in the Kazakh telecommunications services market.

As of the end of 2024, the Company's subscriber base has reached 7.968 million customers, with its mobile network covering approximately 92% of the country's population. The products offered include voice communication, mobile Internet, 5G technology based home Internet (under the Kcell Auleti brand), as well as a number of fintech solutions and digital services powered by its proprietary Kcell SuperApp platform. 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 virtual payment card management, deposit placement, loan services, bill payments, shopping and much more.

The Company is actively investing in the development of its digital infrastructure. In 2023, Kcell launched one of the largest projects in the history of Kazakhstan's telecommunications industry – the deployment of a 5G network. By 2024, the next-generation network was

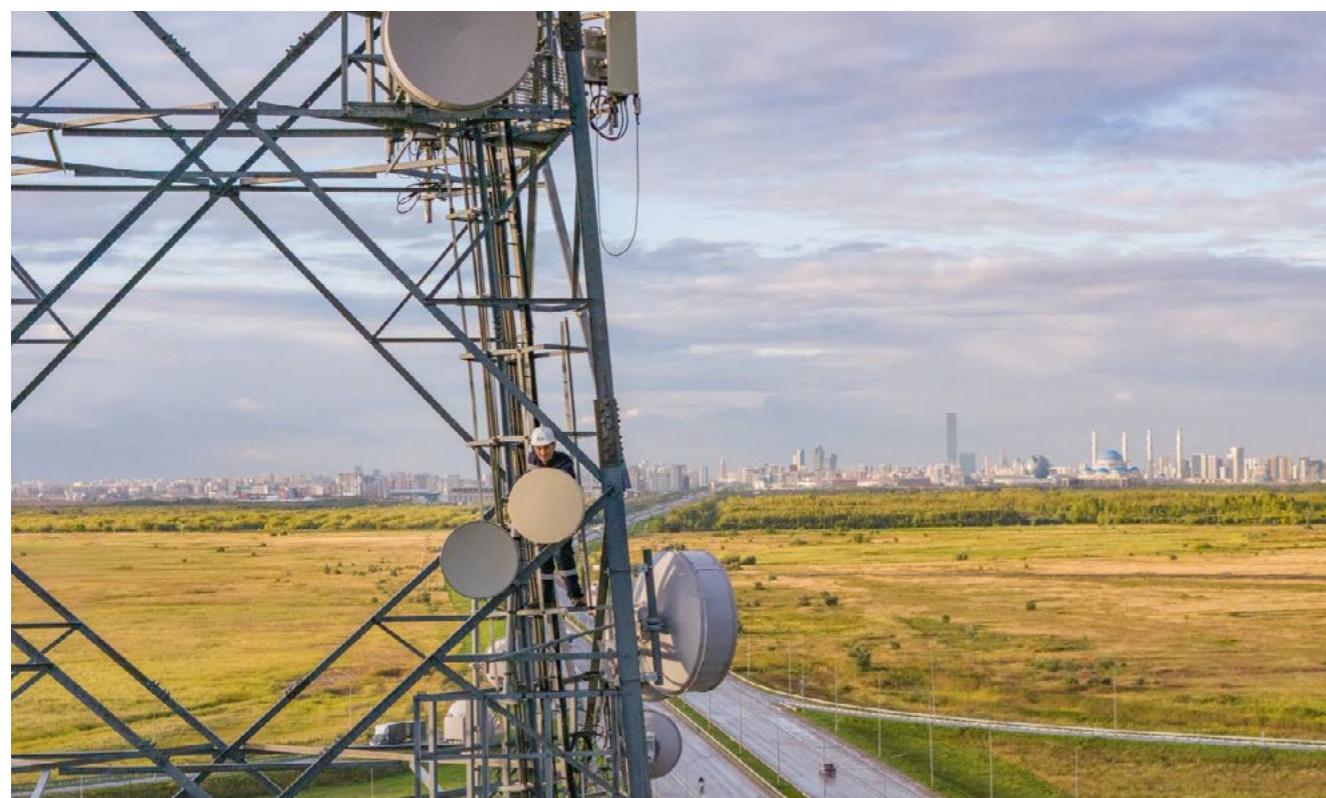
already available to over 1 million residents across 20 cities in Kazakhstan, with a total of 1,470 5G base stations in operation.

One of the Company's landmark infrastructure achievements was the launch of 5G connectivity in the Almaty metro – making Kazakhstan's subway system the first in the country to offer fifth-generation mobile service. As of today, the 5G network operates at 9 stations of the Almaty metro.

Regional and rural development remains one of the Company's top priorities. In 2024, 433 4G base stations were installed in rural areas, and by early 2025, the Kcell network expanded to cover 52 additional settlements with a combined population of approximately 100,000 people.

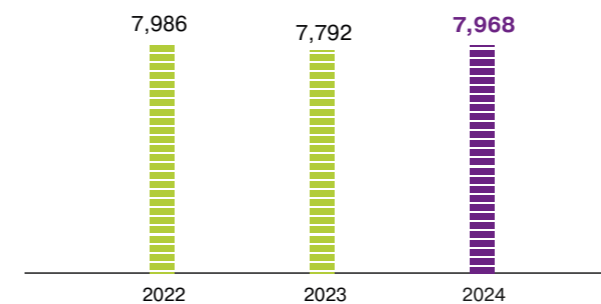
Shares of Kcell JSC are traded on the Kazakhstan Stock Exchange (KASE) under the ticker KCEL. In November 2024, Fitch Ratings affirmed Kcell's credit rating at 'BB+' with a stable outlook.

The Company operates in accordance with international standards for corporate governance, sustainable development, and information transparency – including the GRI 2021 standards and KASE's disclosure requirements.

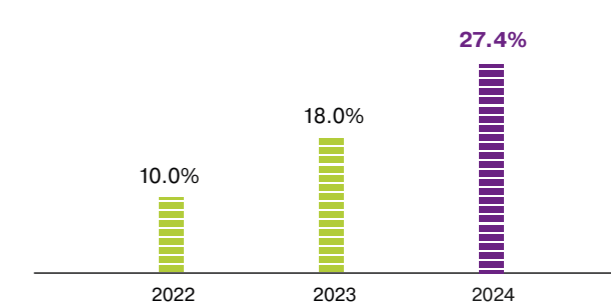


## KEY INDICATORS

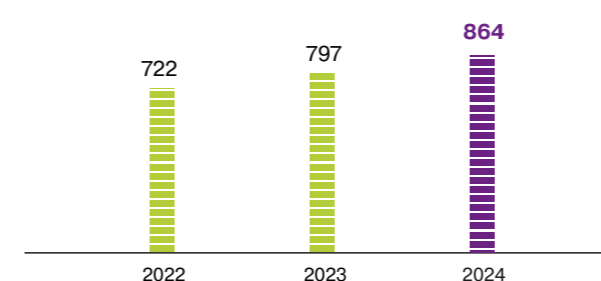
**SUBSCRIBER BASE,**  
'000, end of period



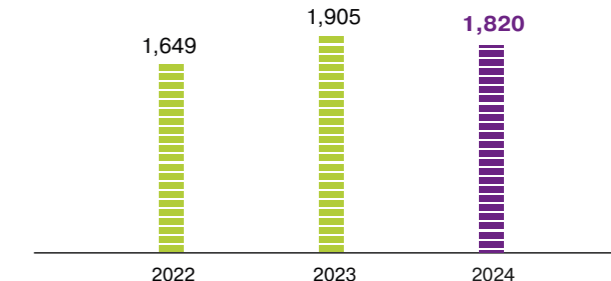
**5G DEVICE PENETRATION,**  
% of all devices



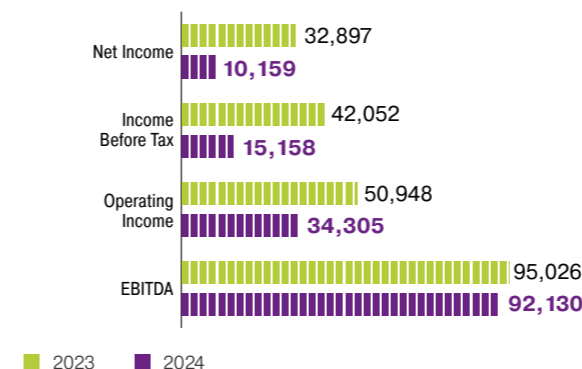
**MOBILE DATA,**  
Petabytes over the period



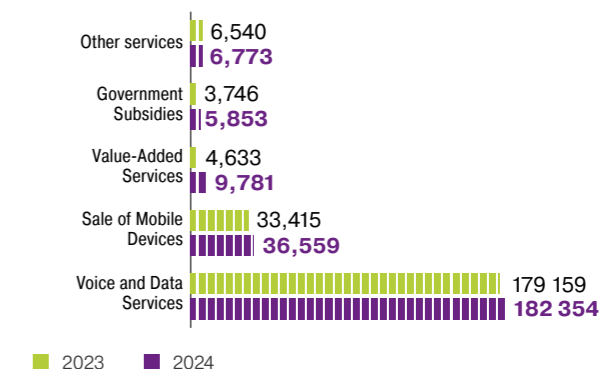
**AVERAGE REVENUE PER USER (ARPU),**  
KZT per month



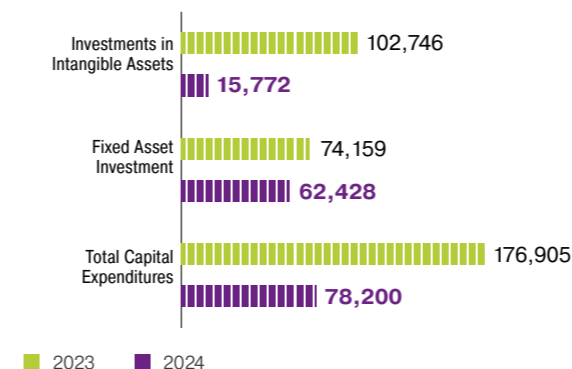
**REVENUE INDICATORS,**  
KZT mln over the period



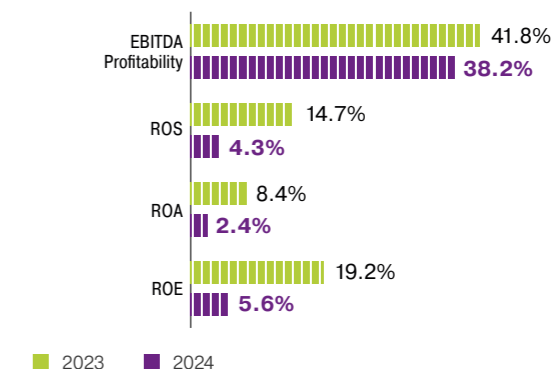
**OPERATING INCOME,**  
KZT mln over the period



**INVESTMENTS AND CAPITAL EXPENDITURES,**  
KZT mln over the period



**PROFITABILITY INDICATORS**





# ADDRESS FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



**ALEXEY  
BUYANOV**

Chairman of the Board  
of Directors of Kcell JSC

## GRI 2-22

### Dear Shareholders, Partners, and Clients!

I am pleased to present to you the 2024 Annual Report of Kcell JSC – a year that marked a significant milestone for the Company, reinforcing its position as one of the leading players in Kazakhstan’s telecommunications market and a key driver of the country’s digital transformation.

2024 was a year of bold decisions, high ambitions, and confident growth. Amid rapid technological advancement and rising user expectations, Kcell not only adapted to change – it set a new pace for the industry. Staying true to our strategic goals, we invested decisively in the future – in infrastructure, in products and services, and most importantly, in customer trust.

Our financial results for the reporting period underscore the strength of our business model: total revenue grew by 6.1%, reaching KZT 241.3 billion.

Kcell has continued to ramp up its investment in communications infrastructure at an unprecedented scale. In the past two years alone, the Company allocated approximately KZT 255 billion toward network development, including KZT 78 billion contributed to the national budget for 5G spectrum licenses. By contrast, annual investments between 2020 and 2022 ranged from KZT 25 to 40 billion.

This consistent and significant increase in capital expenditures has not only expanded our network footprint but also firmly established Kcell as the industry leader in infrastructure investment. We are not simply building a network – we are creating the digital backbone of Kazakhstan’s future economy.

For us, 5G is more than just a new communications standard – it is a technological foundation for the most ambitious solutions. In 2024, we began taking meaningful steps to integrate 5G into industrial processes. This technology paves the way for automating complex and hazardous operations, enables the use of unmanned

machinery in quarries and industrial facilities, and enhances safety, control, and operational efficiency.

Looking ahead, this foundation will unlock opportunities across a wide range of sectors – from education and healthcare to smart cities and intelligent transport systems. High-speed, reliable connectivity opens the door to a new generation of digital services, including remote diagnostics, interactive learning, smart lighting, and urban safety solutions.

We are proud that these efforts have received recognition. In 2024, Kcell was named “Best Company in the Telecom Sector” in Kazakhstan’s Digital Rights Rating. International rating agency Fitch Ratings reaffirmed our credit rating at ‘BB+’ with a Stable Outlook.

We enter 2025 with a clear and confident vision of the future – one that is technologically advanced, sustainable, and open to new opportunities. At the core of our progress lies a guiding principle: to be closer to every customer, region, and community.

These achievements have been made possible by collective effort – through mature leadership, technological innovation, and a deep sense of responsibility to our customers and shareholders.

On behalf of the Board of Directors, I extend my sincere gratitude to the Company’s leadership, every employee, our clients, and our partners.

Sincerely yours,  
Chairman of the Board of Directors of Kcell JSC  
**Alexey Buyanov**



# ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD



**ASKAR  
ZHAMBAKIN**

Chairman of the Management  
Board of Kcell JSC

## GRI 2-22

### Dear Readers, Colleagues, Partners, and Clients,

The year 2024 was a meaningful one for me personally – it was the year I accepted the responsibility to lead Kcell and became part of a team that works tirelessly every day to make communication in Kazakhstan faster, more reliable, and more accessible for everyone.

It was a year of challenges and bold decisions, of rapid growth and strategic investment. But most importantly, it was a year defined by people – those who believe in progress, take ownership, and drive the company forward. Their energy and confidence were behind every project, every launch, and every bold idea, fueled by the belief that Kcell is capable of more. We didn't just expand the network or introduce new products – we reimagined what it means to be a modern telecom operator in the lives of millions of Kazakhstanis.

The financial results of 2024 reflect not only Kcell's steady growth, but the outcome of a unified, purpose-driven team focused on quality and trust. The year closed with revenue of KZT 241.3 billion, of which KZT 198.9 billion was service revenue. EBITDA reached KZT 92.1 billion – not just a measure of efficiency, but a reflection of a resilient business model grounded in continuous improvement. Our subscriber base grew to 7.97 million users, with each new connection representing a deliberate choice for reliability and quality. These numbers speak to trust – the trust placed in us daily by millions of individual, business, and government clients across the country.

In 2024, we invested KZT 78.2 billion into network development – not just to expand access, but to deliver a truly next-generation experience. We launched 630 new 5G sites, expanded coverage in 20 cities, and became the first operator in Kazakhstan to bring 5G to the metro system. These are meaningful steps toward making Kazakhstan part of the digital future.

Just as important to us, however, were the 433 base stations installed in rural areas. Today, connectivity is essential – whether in the city or the village. It enables access to information, education, employment, and above all, to loved ones. That's why rural network expansion remains a top priority for us – because in these regions, the impact of every new site is especially tangible.

We launched new services tailored to the real-life needs of individuals and businesses – including FWA home internet, solutions for corporate clients, and scaled IoT offerings that enable remote monitoring and control of equipment, streamline processes, and enhance operational efficiency.

2024 was also a year of international recognition: Fitch Ratings reaffirmed our 'BB+' rating, and Kcell was recognized as the leading telecom company in Kazakhstan in the national Digital Rights Rating.

But behind these achievements are not just charts and metrics – they are people. I am deeply grateful to every Kcell employee for their dedication, professionalism, and results-driven mindset. I believe in the power of ideas born through dialogue, in the value of mutual support, and in a team that consistently delivers the extraordinary.

My first year as Chairman of the Management Board has been a year of deep engagement – with our operations, our people, and our culture. Together, we've discovered new purpose, reshaped our approach, and are now moving forward with confidence. Looking ahead to 2025, we anticipate even more: new technologies, new services, and new opportunities for millions of people across Kazakhstan.

Kcell is not just about connectivity – it's about people. About making technology more accessible, intuitive, and valuable in everyday life. And I'm proud that we're building a company that not only provides services, but truly helps improve people's lives.

Respectfully,  
Chairman of the Management Board, Kcell JSC  
**Askar Zhambakin**





# 5G

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## NEXT GENERATION NETWORK

### FOR YOUR PRESENT

# BACKGROUND

GRI 2-1, GRI 2-2

As of the end of 2024, Kcell's subscriber base reached 7.968 million, representing 30.2% of the total number of mobile subscribers in Kazakhstan.

Kcell provides services under the Kcell and activ brands, and in 2023, launched wireless internet access under the Kcell Auleti trademark.

One of Kcell's key competitive advantages is its robust digital ecosystem, built around the Kcell/activ mobile app. It not only lets customers manage their services with ease, but also gives them access to the Company's online store and a "virtual bank" – the OGO Finance suite, offering virtual payment cards, deposits, loans, and more.

The Company has one wholly owned subsidiary – KazNet Media LLP – in which it holds a 100% equity interest. The subsidiary's core business activities include: managing websites that use search engines to create and maintain extensive databases of internet addresses; managing other websites functioning as internet portals; providing internet access via telecommunications infrastructure operators; computer programming, consulting, and related services; information services

related to search portals, data processing and hosting; primary information provision; data hosting and processing services; web portals; advertising and marketing services; and information and consulting services, including those delivered via the internet. The subsidiary also develops websites and web portals, along with engaging in any other activities not prohibited by law or its charter.

In December 2022, the Company won the national auction for 5G spectrum rights in Kazakhstan and began rolling out fifth-generation network infrastructure in 2023. By the end of 2024, Kcell had deployed approximately 1,470 5G base stations across 20 cities, delivering next-generation telecommunications services to over one million residents.

In both 2023 and 2024, global network intelligence leader Ookla recognized Kcell as the fastest mobile internet provider in Kazakhstan.

In 2024, Fitch Ratings reaffirmed Kcell's long-term credit rating at 'BB+' with a Stable outlook.



# HISTORY OF THE COMPANY

GRI 2-1

Kcell JSC traces its history back to the late 1990s and was originally established as GSM Kazakhstan LLP of Kazakhtelecom OJSC (GSM Kazakhstan LLP). The company was registered on 1 June 1998 to design, build, and operate a GSM mobile network in the Republic of Kazakhstan. That same year, Kcell became the first company in Kazakhstan to receive a license to provide GSM mobile communication services.

Until 2012, GSM Kazakhstan LLP was jointly owned by Fintur Holdings B.V. (a Dutch-registered joint venture between TeliaSonera Finland Oyj and Turkcell Iletisim Hizmetleri) and Kazakhtelecom OJSC (renamed Kazakhtelecom JSC in 2004), holding 51% and 49% stakes, respectively. On 2 February 2012, Kazakhtelecom JSC sold its stake to Sonera Holding B.V., a subsidiary of Finland's TeliaSonera (renamed Telia Company in 2017).

On 27 August 2012, the company was converted into a joint-stock company and renamed Kcell JSC. In December 2012, Kcell placed 50 million shares (representing 25% of its share capital) in the form of global depositary receipts on the London Stock Exchange and as ordinary shares on the Kazakhstan Stock Exchange. As a result, the main shareholders – Fintur Holdings B.V. and Sonera Holding B.V. – held 51% and 24%, respectively.

On 21 December 2018, Kazakhtelecom JSC acquired the shares in Kcell JSC previously owned by Telia Company and Fintur Holdings B.V., gaining a 75% stake in the company. On 30 September 2021, Kazakhtelecom JSC sold 24% of the voting shares on the Kazakhstan Stock Exchange (KASE).

# KEY EVENTS IN THE COMPANY'S HISTORY

**1998**

- **1 June** – GSM Kazakhstan LLP of Kazakhtelecom JSC is established;
- **8 June** – Receives a perpetual state license to provide GSM-standard mobile communication services

**1999**

- **February 7** – Launch of the Kcell brand;
- **September 9** – Launch of the activ brand

**2003**

- **September 18** – Becomes the first mobile operator in Kazakhstan to offer mobile internet access;
- **September** – Launch of multimedia messaging service (MMS)

**2005**

- **September 13** – Becomes the first operator in Kazakhstan to introduce GPRS roaming

**2008**

- **August 26** – Company license is updated to include operation of the GSM-1800 network.

**2010**

- **December 1** – Commercial launch of 3G network in Astana and Almaty

**2012**

- **February 2** – Kazakhtelecom JSC completes sale of its stake to Sonera Holding B.V.;
- **August 27** – Company restructured as a joint-stock company and renamed Kcell JSC;
- **November 29** – Ordinary shares begin trading on ASE;
- **December 13** – Global Depository Receipts (GDRs) listed on the London Stock Exchange (LSE)

**2014**

- **April 15** – Becomes an official iPhone distributor in Kazakhstan;
- **September** – Launch of a large-scale rebranding of the activ trademark;
- **November 16** – Launch of the Kcell/activ mobile application;
- **End of year** – Becomes the largest non-financial taxpayer in Kazakhstan

**2015**

- **February** – Completion of activ brand rebranding;
- **March** – First activ retail store opens in Almaty

**2016**

- **January 5** – Company receives rights to use additional spectrum in the 700/800 MHz and 1800 MHz ranges to enhance national coverage and prepare for 4G/LTE rollout

**2018**

- **January 16** – Kcell places KZT 4.95 billion in bonds on KASE;
- **December 21** – Kazakhtelecom JSC acquires a 75% stake in Kcell JSC from Telia Company and Fintur Holdings B.V.

**2019**

- **June 27** – Fitch affirms 'BB' rating and upgrades outlook from Stable to Positive

**2020**

- During the pandemic, 3,500 medical workers receive free voice and internet services;
- Free access granted to over 400 educational websites and 27 mobile banking apps;
- **April 16** – Launch of biometric SIM machines for SIM card purchase, replacement, top-ups, and eSIM activation

**2021**

- **June 14** – GDRs delisted from the LSE and Astana International Exchange (AIX);
- **July** – Launch of OGO Finance in partnership with First Heartland Jusan Bank and Mastercard;
- **September 30** – Kazakhtelecom JSC sells 24% of its Kcell shares on KASE

**2022**

- **January 5** – Operational headquarters established during national emergency to ensure uninterrupted communication and support for government efforts;
- **February 25** – Completion of the first phase of the Nexign Converged BSS billing system;
- **December 12** – Fitch affirms Kcell's long-term rating at 'BB+' with a Stable outlook;
- **December 16** – Kcell, in consortium with Mobile Telecom-Service LLP, wins 5G license tender.
- **December** – Completion of the second phase of the Nexign Converged BSS billing system

**2023**

- **November 16** – Kcell named "Leader of the Stock Market" by KASE;
- **December 5** – Fitch affirms long-term issuer rating at 'BB+', outlook remains Stable

**2024**

- **March 30** – Kcell supports residents affected by floods in five regions of Kazakhstan by providing free packages with 10 GB of data, 50 call minutes to any network, and 50 SMS.
- **November 24** – Fitch reaffirms Kcell's credit rating at 'BB+' with a Stable outlook

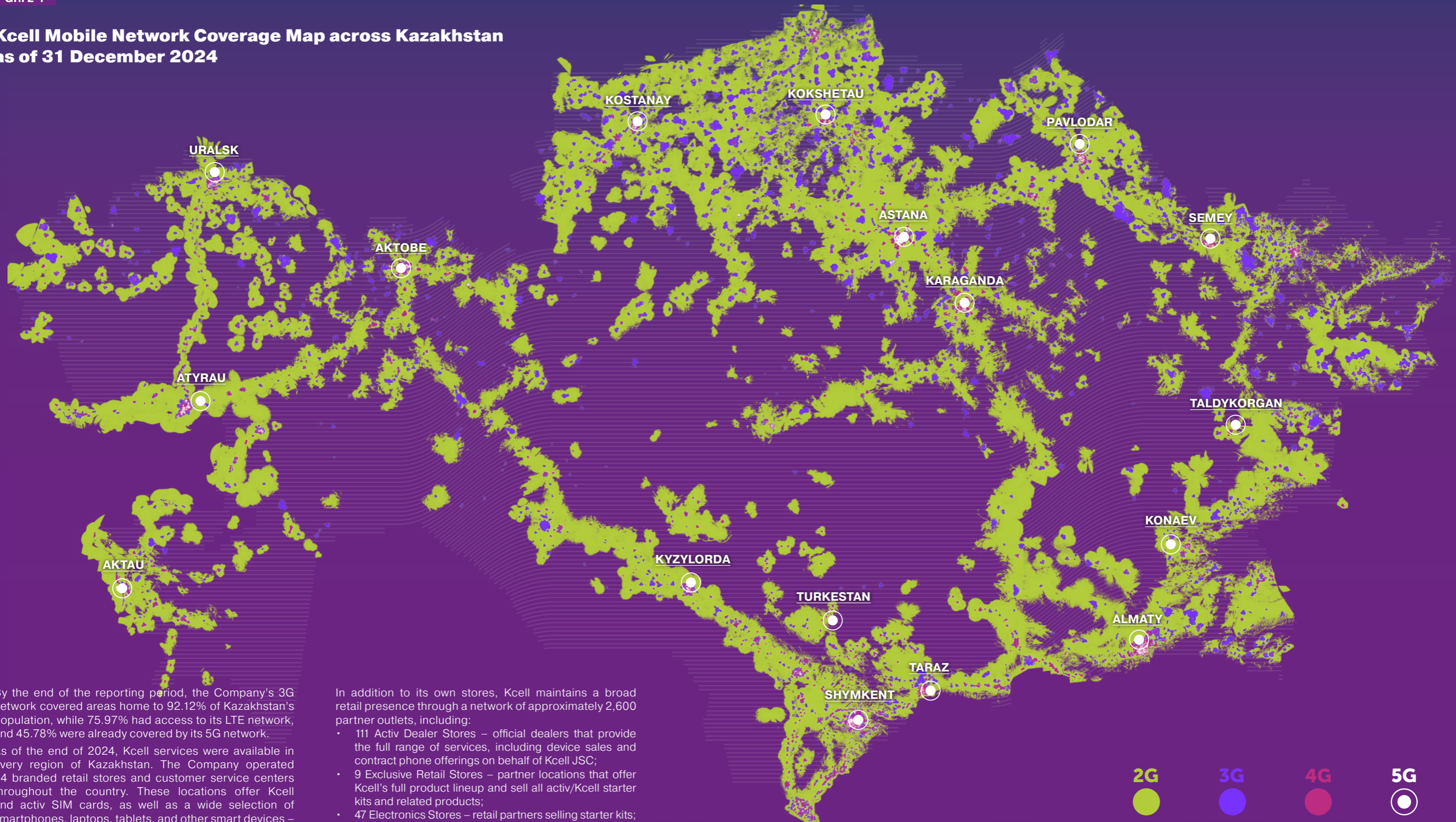
**2017**

- **March 1** – LTE network launched across Kazakhstan;
- **June** – 4G+ (LTE Advanced) launched in Almaty and Shymkent;
- **November 1** – Fitch Ratings assigns a long-term issuer default rating of 'BB' with a Stable outlook.

# GEOGRAPHIC REACH

GRI 2-1

## Kcell Mobile Network Coverage Map across Kazakhstan as of 31 December 2024



By the end of the reporting period, the Company's 3G network covered areas home to 92.12% of Kazakhstan's population, while 75.97% had access to its LTE network, and 45.78% were already covered by its 5G network.

As of the end of 2024, Kcell services were available in every region of Kazakhstan. The Company operated 34 branded retail stores and customer service centers throughout the country. These locations offer Kcell and activ SIM cards, as well as a wide selection of smartphones, laptops, tablets, and other smart devices – all available on attractive terms.

In addition to its own stores, Kcell maintains a broad retail presence through a network of approximately 2,600 partner outlets, including:

- 111 Activ Dealer Stores – official dealers that provide the full range of services, including device sales and contract phone offerings on behalf of Kcell JSC;
- 9 Exclusive Retail Stores – partner locations that offer Kcell's full product lineup and sell all activ/Kcell starter kits and related products;
- 47 Electronics Stores – retail partners selling starter kits;
- 2,523 Non-exclusive Sales Points – outlets offering Kcell/activ starter kits, select products, and basic Kcell services.



# 02

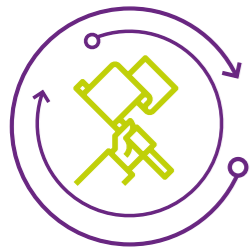
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## NEXT GENERATION NETWORK

## FOR YOUR PRESENT

## MISSION AND INDUSTRY VISION



### Our mission

To make connectivity accessible to everyone in Kazakhstan, delivering maximum value to our subscribers and providing services of the highest quality!



### Our vision

ALGA, KCELL!

We aim to expand our horizons and are committed to:

- ▶ **ARCHITECTURE OF THE FUTURE – delivering Kazakhstan’s best next-generation 5G network**
  - Delivering 5G speeds of over 100 Mbps
  - Expanding 5G coverage nationwide
  - Driving network innovation
- ▶ **INDUSTRY LEADERSHIP – driving profitability by attracting key customer segments through digital ecosystems**
  - Attracting over 1.5 million Gen Z and Gen Alpha users
  - Increasing lifetime value (LTV) of existing customers
  - Expanding 5G FWA and B2B offerings.
- ▶ **AGILE INNOVATION – adopting flexible approaches to product and service development to enhance the digital experience**
  - Striving to become the telecom leader in Net Promoter Score (NPS)
  - Cutting time-to-market in half
  - Enhancing the end-to-end digital customer journey
- ▶ **AMBITION – achieving sustainable financial growth**
  - Allocating capital strategically to high-potential areas
  - Ensuring strong financial health for sustainable growth
- ▶ **KCELL! – cultivating a results-driven team culture defined by excellence and aspiration**
  - Recruiting top talent and developing future stars
  - Building a digital HR function fit for a digital operator
  - Fostering a culture of success with an eNPS target above 38%

## OUR CORPORATE VALUES AND PRIORITIES

### PRIORITY



#### BRIDGING THE DIGITAL DIVIDE

Kcell JSC is committed to narrowing the digital divide by developing infrastructure and services that are easily accessible across our market. Our offerings contribute to economic growth by directly or indirectly supporting job creation and making a financial impact on the communities where we operate.



#### EARNING CUSTOMER TRUST

We work tirelessly to earn the trust of both existing and potential customers and to become their first choice. Our goal is to deliver high-quality, secure services that offer outstanding value and help our customers succeed.



#### DEVELOPING HUMAN CAPITAL

Our employees are the cornerstone of our success. We strive to be an attractive employer, drawing in ambitious individuals and creating an environment that supports their professional growth and development.



#### ENVIRONMENTAL RESPONSIBILITY

Environmental Responsibility We are building a business model that fully embraces the need to protect the environment. Kcell contributes to global sustainability by promoting and using resource-efficient technologies and minimizing the environmental impact of our operations.



#### PROTECTING SHAREHOLDER INTERESTS

Kcell aims to be a compelling investment for a broad range of shareholders, with a focus on long-term, sustainable value creation. We ensure timely, transparent, and accurate communication with shareholders and the market about all major developments that could affect the Company's share value.

# COMPANY BUSINESS MODEL

GRI 2-6



## OUR CAPITAL

### FINANCIAL CAPITAL

**Equity**  
**181,677**  
billion tenge

**Borrowings**  
**90,639**  
billion tenge

**PRODUCTION CAPITAL**  
Number of base stations:  
**8,380**, including  
**997** 5G and  
**4,225** 4G/LTE stations

**INTELLECTUAL CAPITAL**  
Total value of intellectual property (licenses, software): **113,448** million tenge  
Nexign Converged Business Support System (implemented in February 2022)

### HUMAN CAPITAL

**Total employees**  
**2,385**

**Employees with higher education**  
**1,979**

**Employee turnover rate**  
**39%**

**SOCIAL AND REPUTATIONAL CAPITAL**  
Operating in the market since 1998 with a strong and trusted business reputation  
Kcell and activ are among the most recognized brands in Kazakhstan  
A broad and loyal customer base of approximately 7.9 million clients

**NATURAL CAPITAL**  
While the Company's operations have no significant direct impact on the environment, we are committed to expanding the use of environmentally friendly technologies and solutions across all business units and stages of the value chain



## OUR BUSINESS

### SERVICE PORTFOLIO

Kcell provides its customers with the following services:

- Mobile voice communication and SMS messaging
- Data transmission and wireless Internet access
- Mobile financial services through OGO Bank
- Value-added services (VAS), including access to mobile content, ecosystem-based solutions, and more.

### COMPANY'S MARKET NICHE

**Market share in Kazakhstan's mobile sector**  
**30.2%** (by customer base)

**Total subscriber base**  
**7.968**  
million

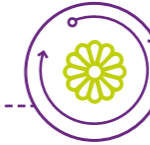
**Mobile network coverage across Kazakhstan**  
**92%** of the population

### COMPANY KEY RISKS\*

- Regulatory risk**
- Strategic risk**
- Secondary sanctions risk**
- Credit risk**
- Liquidity risk**
- Taxation risks**
- Operational risks**

### BUSINESS GROWTH OPPORTUNITIES

- Attracting and retaining high-quality customers**
- Understanding and meeting evolving customer needs**
- Unlocking B2B growth potential**
- Enhancing operational efficiency**
- Creating optimal working conditions for employees**



## OUR RESULTS

### OPERATING

Annual mobile internet traffic:  
**864** PB  
Average monthly voice usage per subscriber (MOU):  
**151** minutes.  
Average monthly revenue per user (ARPU):  
**1,820** tenge.

### FINANCIAL

**Net income**  
**10,159**  
million tenge

**EBITDA**  
**92,130**  
million tenge

**Capital investments**  
**78,200**  
million tenge

**Taxes and other budget contributionst**  
**25,027**  
million tenge

### SOCIAL

**Annual payroll fund**  
**19.7**  
billion tenge

**Average monthly salary**  
**777,800**  
tenge

**Investment in employee training**  
**68**  
million tenge

**Share of employees who received training**  
**85%**

**Average training hours per employee**  
**7**  
hours

### ENVIRONMENTAL

Continued investment in modernizing autonomous systems and switching to more eco-friendly fuels  
Use of environmentally safe materials and technologies  
Environmental management system aligned with the ISO 14001 international standard

Показатели на конец отчетного года / за отчетный год

\*Detailed information on the Company's risks is provided in the "Risk Management" section.

# ASSESSMENT OF COMPANY DEVELOPMENT PROSPECTS (SWOT ANALYSIS)

**GRI 2-6**

The SWOT analysis is a versatile strategic planning tool that provides a visual overview of the Company's development prospects. It identifies both internal and external factors

that influence the organization, categorizing them into four groups: Strengths, Weaknesses, Opportunities, and Threats.

## SWOT Analysis of Kcell JSC's Development Prospects

INTERNAL FACTORS	
<div data-bbox="92 682 341 787"> <p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Kcell is among the top-tier telecom providers in Kazakhstan</li> <li>• Holder of a 5G license and an active developer of next-generation 5G networks in Kazakhstan</li> <li>• Customer-centric retail: Kcell stores are designed in sync with digital platforms, enhancing overall user engagement</li> <li>• Advanced use of technology and innovation ensures high reliability and quality of services</li> <li>• Strong development of digital solutions, including data centers, cloud technologies, IoT, and Big Data</li> <li>• Implementation of best practices in corporate governance, with well-established operational and business processes</li> <li>• Long-standing industry experience contributing to a strong and positive market reputation</li> <li>• Highly qualified workforce</li> <li>• Flexible HR policies with competitive compensation</li> <li>• Strong culture of corporate ethics, with regular employee training</li> <li>• Robust internal control and audit systems</li> <li>• Comprehensive anti-corruption framework with internal regulations, regular risk monitoring, and analysis</li> <li>• Anonymous whistleblowing hotline for reporting violations of the Code of Conduct, including corruption, discrimination, unethical behavior, and other misconduct</li> </ul> </div>	<div data-bbox="747 682 1023 787"> <p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Rapid technological advances in the telecom sector require significant investment in equipment and software upgrades</li> <li>• Bureaucratic procedures remain complex and time-consuming</li> <li>• Regulatory constraints limit tariff flexibility and may negatively impact profitability</li> <li>• inability to eliminate all potential risks despite mitigation efforts</li> </ul> </div>
EXTERNAL FACTORS	
<div data-bbox="92 1365 400 1470"> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Greater flexibility in tariff development and pricing strategies</li> <li>• Diversification of services offered to customers</li> <li>• Continued improvement and standardisation of operational processes</li> <li>• Strengthening customer relationships through effective communication and engagement</li> <li>• Adoption of technological innovations, automation, and artificial intelligence</li> </ul> </div>	<div data-bbox="747 1365 994 1470"> <p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Decline in demand for traditional voice services due to the growing use of internet-based messaging apps and social networks</li> <li>• Customer migration away from prepaid plans</li> <li>• Adverse impact of legislative changes on pricing and tariff policy</li> <li>• Breach of contractual obligations by unreliable suppliers or contractors</li> <li>• Shifts in political or economic conditions</li> <li>• Growing technological and cybersecurity threats</li> </ul> </div>

# STRATEGIC GOALS AND OBJECTIVES

**GRI 2-6**

In 2024, Kcell JSC approved its Development Strategy for 2024–2028, focused on aligning commercial and technical functions. The strategy aims to optimise network deployment planning by prioritising population centres,

increasing connection speeds, enhancing coverage, and ultimately driving growth in both the subscriber base and ARPU (Average Revenue Per User).

## Strategic Goals and Objectives of Kcell JSC

GOALS	OBJECTIVES
<p><b>Attracting and Retaining High-Value Customers</b></p>	<ul style="list-style-type: none"> <li>• Products tailored to the needs of target customer segments</li> <li>• Bundling of relevant digital services based on customer demand</li> <li>• Leadership in offering a wide range of products, including mobile devices</li> <li>• Expansion into new business lines</li> <li>• Superior network quality perception</li> </ul>
<p><b>Understanding and Meeting Customer Needs</b></p>	<ul style="list-style-type: none"> <li>• A customer base actively using up-to-date tariffs and products</li> <li>• Proactive growth of the subscriber base and behavioural segmentation through Customer Value Management (CVM)</li> <li>• Full digital support for key customer journeys and operations</li> </ul>
<p><b>Unlocking B2B Potential</b></p>	<ul style="list-style-type: none"> <li>• Customised partner solutions and personalised service for corporate clients</li> <li>• Convenient, specialised offerings for small and medium-sized businesses</li> </ul>
<p><b>Improving Operational Efficiency</b></p>	<ul style="list-style-type: none"> <li>• Increased employee productivity</li> <li>• Optimised cost structure and expenditure levels</li> <li>• High levels of simplicity and process automation</li> </ul>
<p><b>Becoming the Employer of Choice</b></p>	<ul style="list-style-type: none"> <li>• A decision-making culture built on agile collaboration and employee empowerment</li> <li>• Ambitious yet achievable business targets for each team, supported by quarterly planning</li> <li>• Cross-functional teams working effectively across core business priorities</li> <li>• Recognition as the leading employer for telecom talent in the market</li> </ul>



## NETWORK OPTIMIZATION AND ADOPTION OF NEW TECHNOLOGIES

In 2024, Kcell exceeded its 5G rollout obligations, underscoring its leadership in technological advancement. The Company significantly increased the capacity of its base stations, which led to improved network quality and customer experience.

Looking ahead, Kcell will continue expanding its network and integrating new technologies throughout 2025. Key strategic projects for the year include IMS and VoLTE integration to enhance voice service quality, spectrum refarming in the 5 MHz band to optimise 3G and LTE

networks, and large-scale network optimisation efforts. The Company also plans to launch the Ericsson Network Intelligence (ENI) platform to enable more efficient network management and faster response to network changes.

A major priority will be the active development of the 5G Standalone (SA) network, which will deliver higher data speeds, lower latency, and enable new technological capabilities. These initiatives aim to elevate the user experience and further strengthen Kcell's competitive market position.

## COMPANY PRIORITIES FOR 2025

In 2025, Kcell expects revenue growth to be driven by the development of FMC (Fixed-Mobile Convergence) products, increased roaming revenues, and the expansion of B2B and VAS (Value-Added Services), alongside the launch of new solutions such as EdTech and IoT offerings.

The Company's strategic focus areas for 2025 include delivering innovative service offerings, enhancing service quality through digitalisation and personalisation, and

upgrading and expanding its network infrastructure. These initiatives are designed to reinforce Kcell's market leadership and increase the appeal of its services, laying a strong foundation for long-term sustainable growth.



# 03

## MANAGEMENT REPORT ON PERFORMANCE

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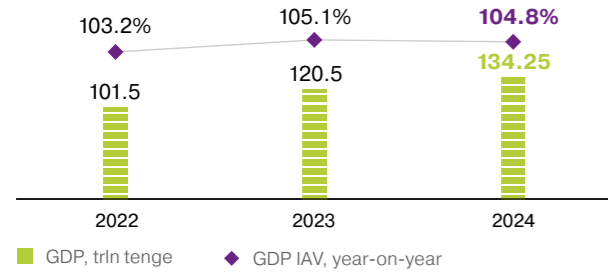


**NEXT GENERATION NETWORK**

**FOR YOUR PRESENT**

# MACROECONOMIC CONDITIONS

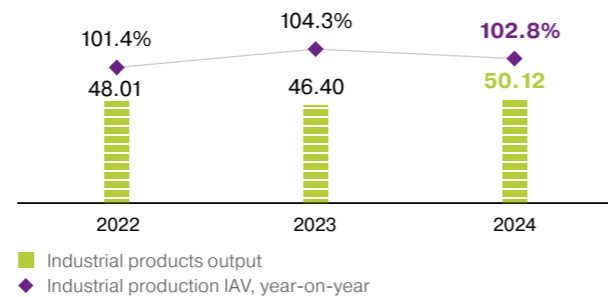
**GDP DYNAMICS, KZT trillion over the period**



Source: Bureau of National Statistics, ASPIR RK

Kazakhstan's nominal GDP for 2024 amounted to KZT 134.25 trillion, representing an increase of 11.4% compared to the previous year. In real terms, GDP grew by 4.8%. The highest growth rates were recorded in agriculture (+13.3%), construction (+13.1%), and trade (+8.8%). Meanwhile, the mining industry experienced a decline in output of 0.3%.

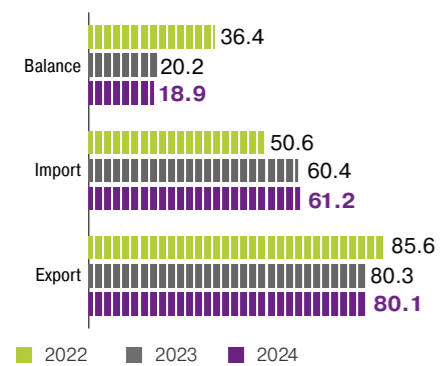
**INDUSTRIAL OUTPUT, KZT trillion over the period**



Source: Bureau of National Statistics, ASPIR RK

In 2024, industrial output in Kazakhstan reached KZT 50.1 trillion, including KZT 22.2 trillion in the mining sector and KZT 24.5 trillion in the manufacturing sector. Real growth in industrial production stood at 2.8%, with a 0.2% decline in the mining industry and a 5.9% increase in manufacturing.

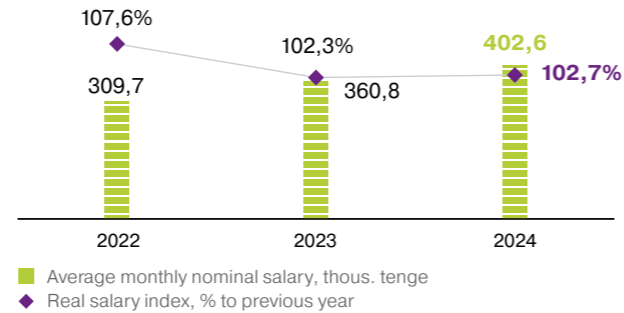
**EXPORT AND IMPORT OF GOODS, USD billion over the period**



Source: National Bank of Kazakhstan

Kazakhstan's exports declined from USD 80.3 billion to USD 80.1 billion, primarily due to deteriorating conditions in global commodity markets. Meanwhile, imports increased from USD 60.4 billion to USD 61.2 billion. The growth in imports coupled with the decrease in exports led to a reduction in the country's positive trade balance – from USD 20.2 billion to USD 18.9 billion.

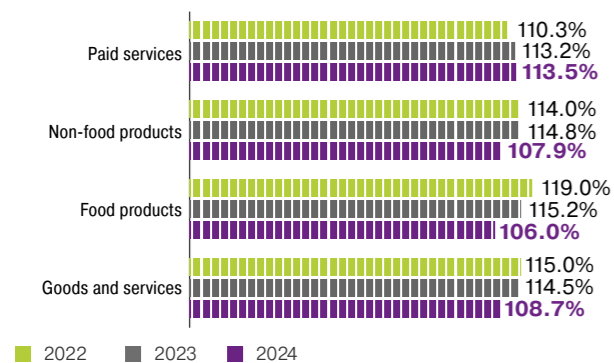
**AVERAGE MONTHLY NOMINAL SALARY, KZT thousand**



Source: Bureau of National Statistics, ASPIR RK

The average monthly salary increased from KZT 360.8 thousand in 2023 to KZT 402.6 thousand in 2024. In real terms, wages grew by 2.7%, compared to 2.3% in the previous year.

**CONSUMER INFLATION, year-on-year, %**



Source: Bureau of National Statistics, ASPIR RK

In 2024, the pace of consumer inflation declined significantly compared to the previous year: the Consumer Price Index (CPI) for January-December 2024 stood at 108.7%, down from 114.5% for the same period in 2023.

Food prices rose by 6.0%, non-food items by 7.9%, and paid services by 13.5%.

# STATE OF THE TELECOMMUNICATIONS INDUSTRY

**GRI 2-6**

## Global Trends in the Development of Information and Telecommunication Technologies

According to the latest estimates by the International Telecommunication Union (ITU), there are approximately 5.5 billion Internet users worldwide – representing 68% of the global population, up from 65% the previous year. This points to continued growth in global digital engagement, although 2.6 billion people still remain offline.

Over 96% of the world's population is now covered by mobile broadband networks (3G and above), with more than half having access to 5G networks. ITU data also indicates

that the number of fixed broadband subscriptions continues to grow. At the same time, the number of fixed telephone lines continues to decline, reflecting a global shift away from legacy technologies in favor of digital and mobile solutions.

These trends highlight not only the scale of the digital transformation but also the persistent digital divide – particularly in low-income countries, where connectivity remains significantly lower. Closing this gap remains a key challenge and priority for the global community.

**GLOBAL POPULATION ACCESS TO TELECOMMUNICATIONS NETWORKS AND TECHNOLOGIES, in millions, as of year-end**

Indicator	2022	2023	2024
Number of fixed telephone lines	877.7	860.6	839.8
Number of fixed broadband subscribers	1,418.7	1,495.6	1,601.2
Number of mobile cellular subscriptions (SIMs issued)	8,617.2	8,891.1	9,144.2
Number of active mobile cellular subscriptions (active SIMs)	6,808.1	7,029.8	7,719.5
Population covered by mobile network (individuals)	7,773.5	7,868.8	7,985.9
Population covered by 3G and higher mobile network (individuals)	7,529.2	7,642.2	7,802.8
Number of individuals using the Internet	5,132.2	5,416.9	5,508.8
Number of individuals owning a mobile phone	5,056.0	5,227.8	5,434.4

Source: ITU

Access to modern telecommunications services is directly linked to the economic well-being of the countries people live in. In countries classified by the World Bank as low-income (less than USD 1,145 GNI per capita), there are on average 26.5 Internet users per 100 inhabitants. In contrast, in high-income countries (above USD 14,005 per capita), this figure reaches 92.9. The most significant disparities between low- and high-income countries remain in the number of fixed telephone lines (0.9 vs. 29.4) and fixed broadband subscriptions (0.5 vs. 38.1) per 100 inhabitants. However, in 2024, these gaps began to narrow slightly due to the increasing shift toward wireless connectivity.

As of the end of 2024, Kazakhstan remains classified by the World Bank as an upper-middle-income country (GNI per capita between USD 4,516 and USD 14,005). The number of active mobile subscriptions in Kazakhstan reached 26.24 million in early 2024, equivalent to 133.1% of the total population. This highlights the ongoing decline in fixed-line and broadband usage, alongside the continued growth in mobile service adoption – reflecting a steady transition to digital technologies.

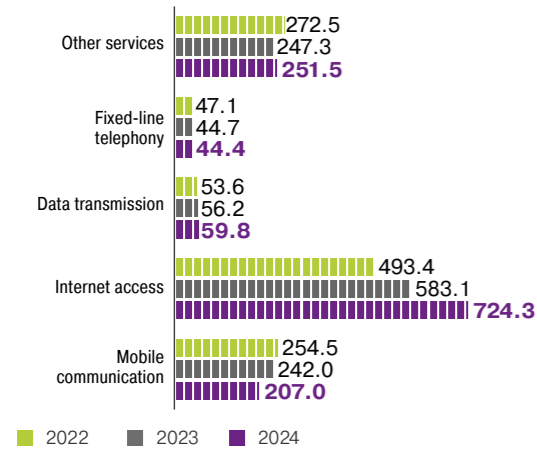
**ACCESS TO TELECOMMUNICATIONS SERVICES BY INCOME LEVEL (AS OF END-2024),**  
per 100 inhabitants

Indicator	World Average	Low-income Countries	Lower-Middle Income Countries	Upper-Middle Income Countries	High-income Countries	Kazakhstan (2023)	Kazakhstan (2024)
Fixed telephone lines (per 100 inhabitants)	9.5	0.8	2.4	11.2	28.7	13.2	15.0
Fixed broadband subscribers (per 100 inhabitants)	21.0	0.6	5.2	33.5	39.0	14.3	18.0
Mobile cellular subscriptions (per 100 inhabitants)	112.0	71.0	94.5	129.5	138.0	127.0	133.1
Mobile network coverage (%)	98.0%	91.1%	98.9%	99.6%	99.6%	99.0	99.0%
3G or higher network coverage (%)	95.6%	80.3%	95.3%	98.1%	99.5%	97.7	97.7%
Internet users (% of population)	68.0%	26.5%	54.0%	80.7%	93.4%	92.9	92.3%
Mobile phone ownership (% of population)	79.7%	56.2%	72.0%	84.2%	96.1%	92.8	92.8%

Source: ITU

**Kazakhstan’s Telecommunications Industry**

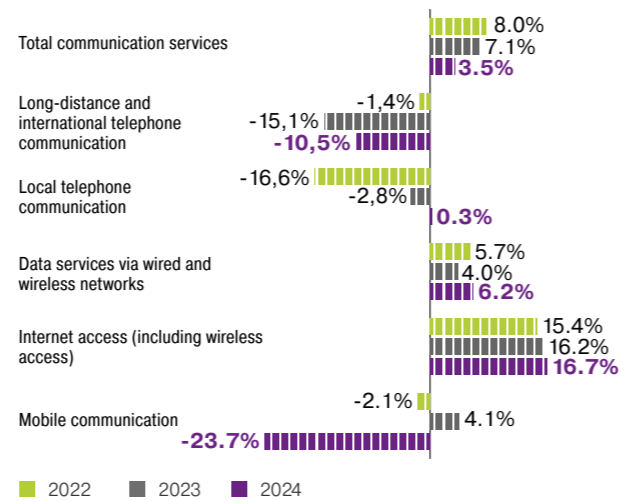
**VALUE OF TELECOMMUNICATION SERVICES PROVIDED, KZT billion over the period**



Source: Bureau of National Statistics, ASPIR RK

In 2024, the total value of services provided by telecommunications companies in Kazakhstan (excluding courier and postal services) reached KZT 1.4 trillion. The increase was primarily driven by the growing demand for both fixed and wireless Internet access, with revenue from these services rising from KZT 583.1 billion to KZT 724.3 billion. At the same time, the volume of mobile communication services saw a decline.

**CHANGE IN PHYSICAL VOLUME OF TELECOMMUNICATION SERVICES BY TYPE, year-on-year**

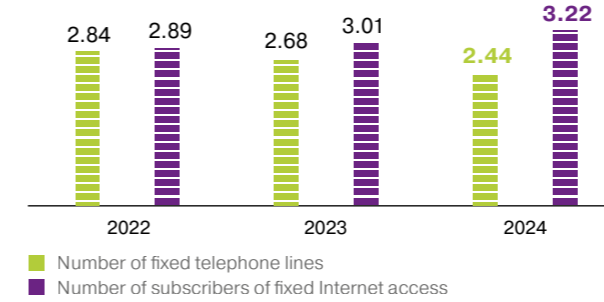


Source: Bureau of National Statistics, ASPIR RK

In 2024, the real growth of telecommunication services reached 3.5%, down from 7.5% the previous year.

The increase in the total volume of services in real terms was primarily driven by the growing demand for Internet access, while demand for other types of services has continued to decline gradually.

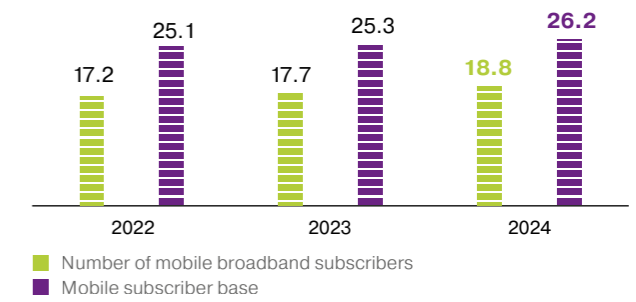
**NUMBER OF FIXED-LINE TELEPHONE AND FIXED BROADBAND SUBSCRIBERS, million, end of period**



Source: Bureau of National Statistics, ASPIR RK

In the reporting year, the number of fixed telephone lines decreased from 2.68 million to 2.44 million, while the number of fixed broadband (FBB) subscribers increased from 3.01 million to 3.22 million. This reflects a continued long-term trend of declining fixed-line telephony usage and growing adoption of fiber-optic connections (FOL), which are actively replacing xDSL technology (broadband access via traditional phone lines).

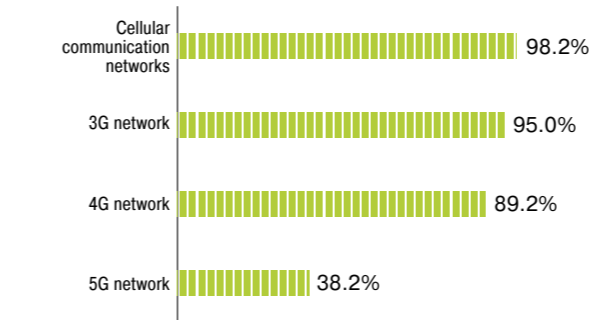
**NUMBER OF MOBILE SUBSCRIBERS AND MOBILE BROADBAND USERS, Million end of period**



Source: Bureau of National Statistics, ASPIR RK

As of the end of 2024, the total mobile subscriber base in Kazakhstan – defined as the number of active SIM cards – reached 26.2 million, up from 25.3 million a year earlier. The number of mobile broadband subscribers also increased, rising from 17.7 million to 18.8 million.

**POPULATION AND TERRITORY COVERAGE BY MOBILE NETWORKS AS OF EARLY 2024**



Source: Bureau of National Statistics, ASPIR RK

As of early 2024, mobile networks covered 98.2% of Kazakhstan’s population. Specifically, 3G networks reached 95.8% of the population, 4G – 89.2%, and 5G – 38.2%. Given the increasing demand for advanced mobile technologies, including IoT, and the government’s supportive policies, further expansion of 5G coverage is expected in the coming years.

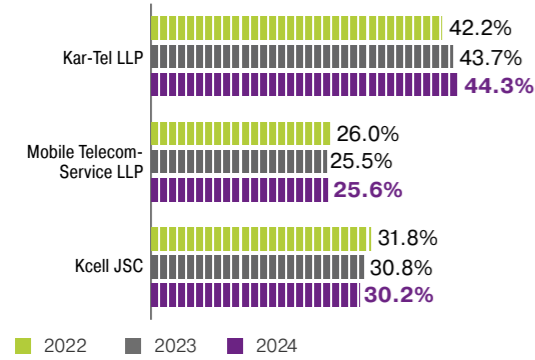


# COMPANY OPERATIONS

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

## Market share

### DISTRIBUTION OF MOBILE SUBSCRIBERS IN KAZAKHSTAN BY OPERATOR

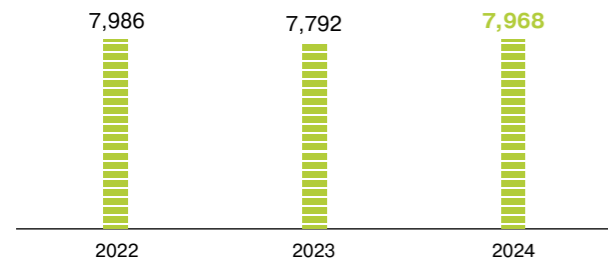


Source: Bureau of National Statistics, ASPIR RK, Kcell, VEON Ltd.

At the end of 2024, Kcell JSC served 7.9 million subscribers (i.e., active SIM cards), representing 30.2% of the total mobile subscriber base in Kazakhstan. The remaining market was shared by Mobile Telecom-Service LLP with 25.6% and Kar-Tel LLP with 44.3% of subscribers.

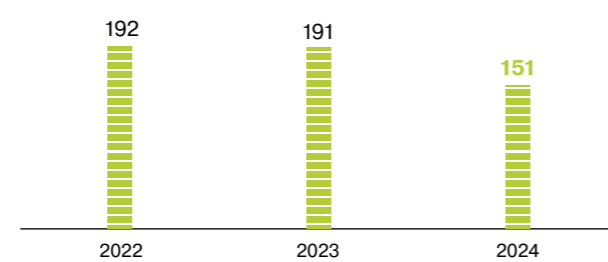
## Key operating performance

### COMPANY'S SUBSCRIBER BASE, Thousand subscribers, end of period



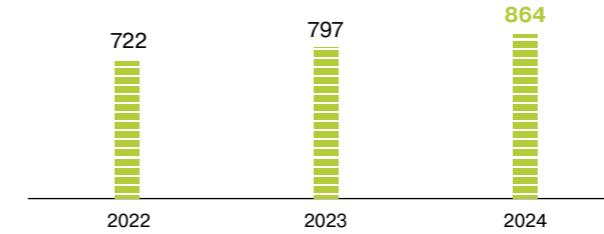
A slight decline in the subscriber base reflects a stabilization of user activity amid a saturated market and strong competition. Nevertheless, the structure of the base remains stable, supported by a loyal customer audience and increased demand for digital services.

### AVERAGE MONTHLY VOICE TRAFFIC PER SUBSCRIBER (MOU), Minutes per month



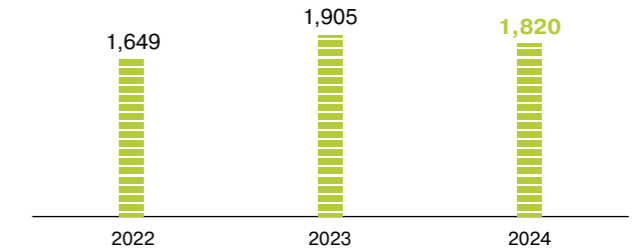
The decline in voice traffic is driven by the continued migration of users to digital communication channels such as messengers and VoIP services, as well as an industry-wide trend away from traditional voice services.

### MOBILE INTERNET TRAFFIC, PB for the period



Annual mobile data traffic increased from 797 PB in 2023 to 864 PB in 2024, fueled by ongoing digitalization, broader mobile internet use, expansion of 4G and 5G networks, and rising demand for streaming, cloud services, and online platforms among subscribers.

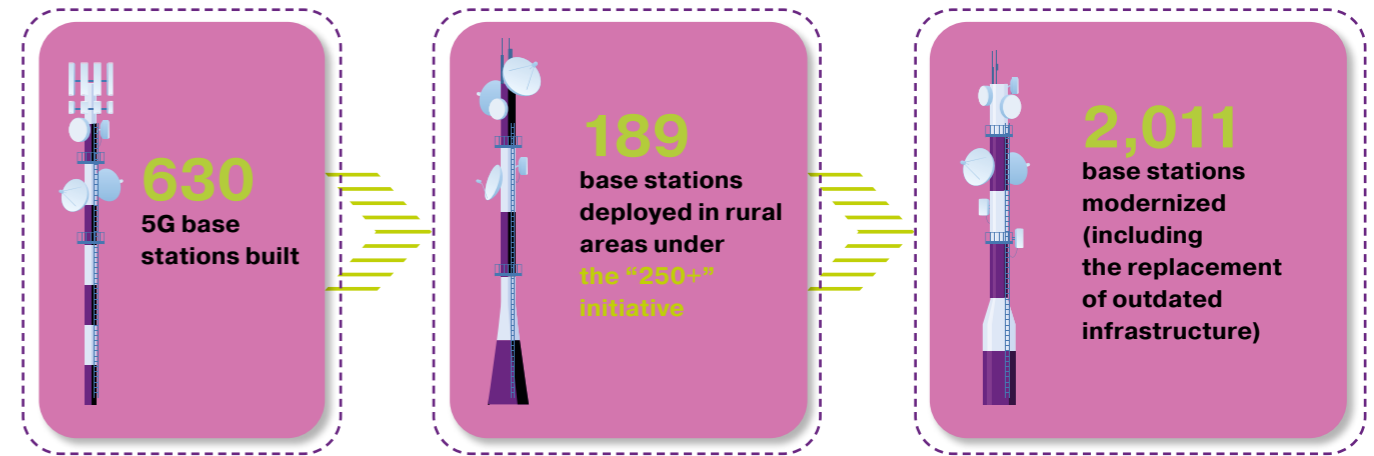
### AVERAGE MONTHLY REVENUE PER USER (ARPU), KZT per month



ARPU declined from KZT 1,905 in 2023 to KZT 1,820 in 2024, reflecting several factors, including increased price competition and subscriber migration toward more affordable tariff plans. During the reporting period, the Company actively promoted socially inclusive tariffs – offering special rates for students, schoolchildren, and children – to broaden digital access and improve service affordability for vulnerable population groups. Despite the lower ARPU, total user numbers and service consumption continued to grow steadily, underscoring the success of the Company's long-term customer loyalty strategy.

## Network Development

### KEY HIGHLIGHTS OF KCELL'S NETWORK EXPANSION IN 2024:



**5G Networks.** In 2024, Kcell fully met its 5G license obligations. A total of 630 5G base stations were built and activated, including 198 in Almaty. A notable infrastructure milestone was the launch of 5G coverage in the Almaty Metro – the first instance of underground 5G connectivity in Kazakhstan. As of year-end 2024, Kcell's network included 997 5G base stations. Including active network sharing with Mobile Telecom-Service LLP, the number of 5G base stations accessible to Kcell customers reached 1,470.

For 2025, Kcell plans to build and activate an additional 589 5G base stations. In addition to major cities and regional

centers, the next-generation network will be expanded to the cities of Zhanaozen, Saryagash, Zhetysai, Kulsary, and Kaskelen.

**Rural Network Development (Project "250+").** AKcell JSC continues its active efforts to bridge the "digital divide" between urban and rural populations. The Company is one of the key participants in the "250+" program, launched in 2020 by Kazakhstan's mobile network operators. The program aims to provide mobile broadband (MBB) coverage to rural settlements with populations of 250 or more. In addition to its involvement in this national initiative, Kcell is also

implementing its own program to expand mobile broadband coverage and improve network quality in rural areas.

As of the end of 2024: 468 base stations were deployed under mandatory programs, about 550 base stations were built under Kcell's internal rural development initiatives. Kcell's 2024 license obligations under the "250+" project

included: 189 unconditional sites, which were fully delivered, 79 conditional sites, contingent upon support from local executive bodies to ensure technical feasibility. Of the 79 conditional sites, 26 were completed. The remaining sites could not be delivered due to the failure of local executive authorities to fulfill their obligations related to the technical preparation of construction areas.

**KCELL JSC'S MOBILE NETWORK DEVELOPMENT IN RURAL AREAS**

2020	<ul style="list-style-type: none"> <li>Work carried out in 519 rural settlements, including 329 under the "250+" program and 130 as part of Kcell's internal rural development initiative</li> <li>A total of 550 base stations were activated</li> </ul>
2021	<ul style="list-style-type: none"> <li>245 base stations launched in 216 settlements, including: 104 under license obligations, 112 under the Company's own initiatives</li> <li>29 settlements saw improved service quality through LTE network deployment</li> </ul>
2022	<ul style="list-style-type: none"> <li>A total of 258 base stations were activated across rural areas</li> <li>35 rural settlements were connected under licensing obligations</li> <li>107 settlements received LTE network coverage</li> <li>45 settlements gained coverage from both 3G and 4G networks</li> <li>In 59 rural settlements, LTE technology was introduced to enhance mobile broadband quality</li> <li>In 12 rural settlements, additional 3G base stations were installed to improve network performance</li> </ul>
2023	<ul style="list-style-type: none"> <li>A total of 204 base stations were activated in 188 rural settlements, including: 52 base stations (3G) in 52 settlements, 152 base stations (4G) in 136 settlements</li> <li>126 base stations were deployed as part of the "250+" program; 78 under Kcell's independent rural expansion program</li> <li>Kcell gained access to 164 base stations operated by Tele2 and Beeline in rural areas through infrastructure sharing agreements</li> </ul>
2024	<ul style="list-style-type: none"> <li>A total of 391 base stations were activated across 364 rural settlements</li> <li>189 base stations were activated to fulfill license obligations</li> <li>195 base stations were launched beyond obligations as part of other development projects</li> </ul>

**B2C segment development**

In 2024, key developments in the B2C segment centered on the large-scale rollout of 5G technology, opening new horizons for customer service innovation and enabling the Company to offer subscribers a fundamentally enhanced experience in terms of connectivity and data speeds.

Alongside this technological transformation, Kcell placed a strong emphasis on maximum tariff personalization. Our goal was to ensure that every customer segment – regardless of age, social status, or individual needs – could access an affordable, functional, and truly relevant mobile plan. This commitment materialized in the launch of several social and subsidized tariffs, tailored to the daily needs of various target groups.

Ahead of the new academic year, we introduced two specialized tariffs – Imba and Student – designed

specifically for schoolchildren and university students. These plans include everything necessary for learning and communication, providing young users with stable connectivity and affordable internet access.

Additionally, we launched family plans that allow multiple family members to share voice and data allowances. These offerings not only promote cost savings but also enhance convenience for entire households using a single account.

All these initiatives are part of our broader strategy to enhance the social accessibility of mobile services, expand a flexible tariff portfolio, and strengthen long-term customer loyalty. As a result, a significant number of new users opted for these plans. While the average revenue per user (ARPU) saw a moderate decline, the Company's subscriber base grew, and user satisfaction and engagement improved noticeably.

**OUR RESULTS IN THE B2C SEGMENT:**



**145K**

kids choose us every day for fun and connection



**20K+**

happy customers now enjoy seamless internet with our FWA routers



**47K**

Activ subscribers choose unity and family happiness

**B2B Segment Development**

The B2B segment remains a key growth driver for Kcell. In 2024, revenue from this segment grew by 4% year-on-year, reflecting consistently high demand for our solutions among business clients. The most notable growth was seen in priority areas such as the Internet of Things (IoT) and voice solutions for the corporate sector. Revenue from IoT solutions increased by an impressive 62%, while voice services grew by 11%. This reflects our focused efforts to develop next-generation services, including SIP telephony and FreePhone, which are gaining traction in the business environment.

One of Kcell's strategic achievements in 2024 was strengthening our position in the virtual PBX (vPBX) market. According to Data Hunters Research, Kcell's share of Kazakhstan's vPBX market reached 37%, making us the undisputed leader in this category. We became the first mobile operator in the country to offer corporate clients cloud-based solutions integrated with the leading CRM systems available on the local market. Backed by our own telecom infrastructure and numbering resources, we ensure reliability, flexibility, and a high level of customer service.



The development of private networks – Private LTE and Private 5G – has become another strategic focus for Kcell. In 2024, the Company continued to implement next-generation industrial internet projects at the facilities of Kazakhstan’s largest enterprises, including KAZ Minerals, Polymetal International, and Eurasian Resources Group. We take pride in being a pioneer in the deployment of Private LTE and Private 5G networks across Kazakhstan and the CIS, unlocking new opportunities for digital transformation and automation of industrial operations.

A standout example of our progress was Kcell’s participation in the AlmatyFair.ai exhibition, where the Company demonstrated driverless transport operated via a 5G industrial internet network. In the presence of the Presidents

of Kazakhstan and Uzbekistan, autonomous dump trucks operating in real time at ERG’s Vostochny open-pit mine – powered by Kcell’s deployed 5G network – were showcased. This project not only demonstrated the practical potential of future-ready technologies but also highlighted Kcell’s strategic role in the digital transformation of key sectors of the economy.

By advancing private network technologies, Kcell is not only strengthening its presence in the telecommunications market but also emerging as an innovative technology partner for businesses – delivering robust infrastructure, cutting-edge digital solutions, and a sustainable platform for the growth and modernisation of Kazakhstan’s corporate sector.

### Mobile Financial Services

2024 marked a year of rapid growth for Kcell’s fintech initiative – Mobile Financial Services – which includes mobile balance payments, the OGO Bonus loyalty program, and a full-fledged Neobank, OGO Bank, developed in partnership with a local bank and the international payment system Mastercard. The year saw direct integrations with five electronic money operators, along with several high-impact marketing campaigns – including a notable promotion offering metro and public transport rides in Almaty and 29 other cities across the country for just 1 tenge. Through the Kcell mobile app, subscribers can pay for goods and services using their mobile balance, instantly open a fully functional, multi-currency debit card online, and top it up free of charge from their mobile balance. Customers can also take advantage of the OGO Bonus program, receiving up to 99% cashback for cashless transactions. In 2024, more than 90,000 cards were issued, bringing the total number of cardholders to over 350,000.

The total turnover of mobile financial services increased by 8% year-on-year, reaching KZT 83 billion. The monthly

active users (MAU) – defined as subscribers who made at least one payment transaction per month – grew from 320,000 at the start of the year to 430,000 by year-end.

2024 was also a year of major achievements for the Mobile Financial Services business unit as part of the long-term strategy, focusing on: further development of Kazakhstan’s first Neobank, modeled on global best practices; expansion of one of the country’s strongest loyalty programs, leveraging expertise from leading international payment systems; deeper subscriber engagement with MFS to boost key metrics such as NPS (more than twice the company average) and MultiPlay (with nearly 30% of users actively using multiple telecom services).

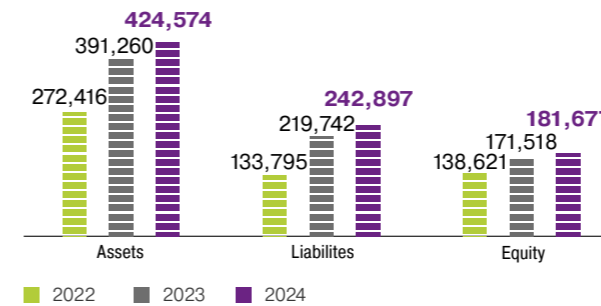
The number of transactions completed in 2024 – a key metric of the transactional business – grew by more than 25%, exceeding 22 million operations. The year also set a record for the monthly active user base, which rose by 25%, reaching 430,000 users.

### MOBILE FINANCIAL SERVICES PRODUCTS

Product	Brief Description	Key Features
Mobile Balance Payments	Make payments to over 3,000 services using your mobile balance via the app or partner websites	Pay for utilities, public transport, games, tickets and more – with up to 100% cashback, depending on your mobile plan
App Store & Play Payments	Buy games, books, and content using your mobile balance	Use your mobile number as a payment method in app stores and get up to 5% cashback on purchases
OGO Bonus	Loyalty programme for mobile services users	Earn rewards for payments made with your mobile balance in the Kcell or activ apps, or on partner websites – up to 100% cashback available

## FINANCIAL RESULTS

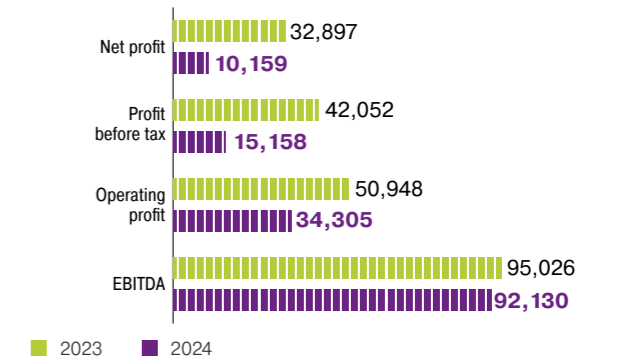
BALANCE SHEET STRUCTURE, KZT million end of period



The Company’s total assets increased by 8.5% in 2024, reaching KZT 424.5 billion. This growth was primarily driven by an increase in the value of property, plant and equipment and intangible assets.

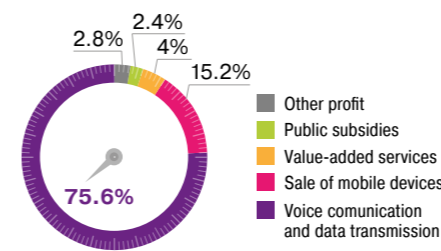
Equity grew by 6%, while liabilities rose by 10.5%, mainly due to higher long-term borrowings and long-term lease liabilities.

PROFIT PERFORMANCE, KZT million over the period



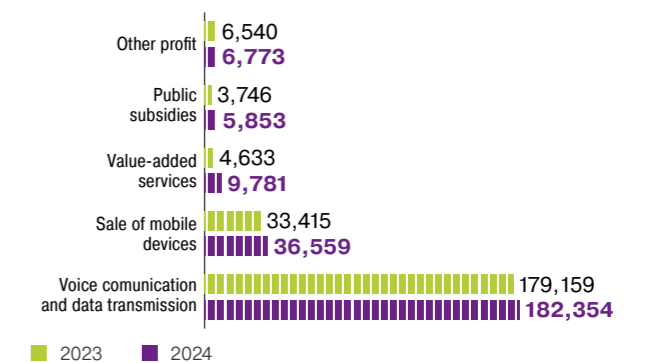
The Company’s operating profit decreased by 32.6% year-on-year, primarily due to record capital expenditures related to network upgrades and the rollout of 5G. Substantial investments were made in building and modernising base stations, as well as in new technology development, all of which required significant funding.

REVENUE STRUCTURE FROM CORE OPERATIONS IN 2024



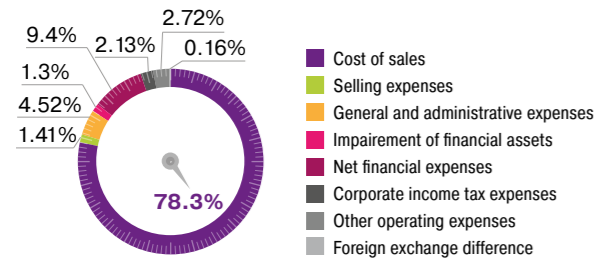
Revenue from the Company’s core business operations increased by 5.2% compared to 2023, reaching KZT 235.4 billion. Voice and data services accounted for 76% of total core revenue, followed by sales of mobile devices and equipment as the second-largest revenue stream.

CORE OPERATING REVENUE, KZT million over the period



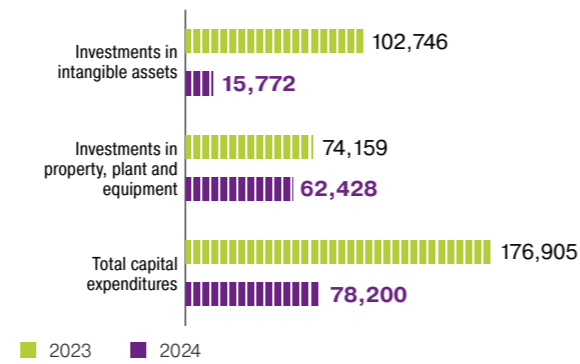
Revenue from voice and data services increased by 1.8% compared to 2023, while revenue from the sale of mobile devices and equipment declined by 9.4%.

**COST STRUCTURE IN 2024**



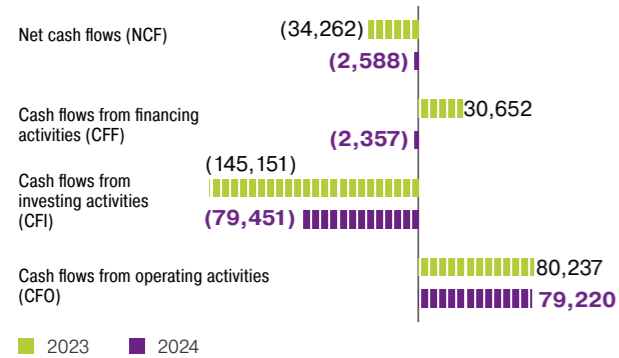
The largest share in the Company's cost structure is attributed to the cost of sales, accounting for 78.3% of total expenses. Other significant components include finance costs (9.4%) and general and administrative expenses (4.52%). All other expense categories combined make up approximately 7.6% of total expenses.

**INVESTMENTS AND CAPITAL EXPENDITURES, KZT million over the period**



Capital expenditures decreased compared to 2023 and amounted to KZT 78.2 billion. Investments in intangible assets totaled KZT 15.7 billion, while investments in property, plant, and equipment reached KZT 62.4 billion.

**CASH FLOWS, KZT million over the period**

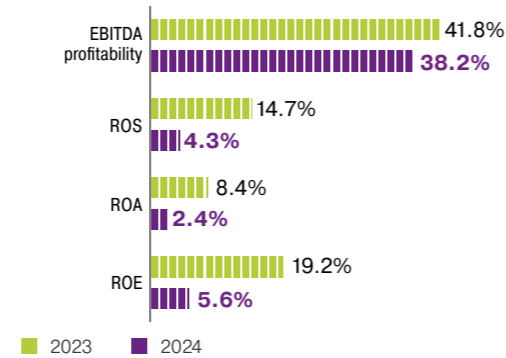


Cash flow from operating activities decreased by KZT 1.0 billion compared to 2023 and totaled KZT 79.2 billion. At the same time, net cash flow remained negative at minus KZT 2.6 billion (compared to minus KZT 34.3 billion in 2023).

The negative cash flow from investing activities decreased primarily due to lower spending on the acquisition of intangible assets.

Cash flow from financing activities was also negative (minus KZT 2.4 billion, compared to KZT 30.7 billion in 2023) due to a significant increase in loan repayments.

**PROFITABILITY INDICATORS**



The decline in net profit, driven by higher cost of sales and operating expenses, resulted in a decrease across all key profitability metrics.

Return on assets (ROA) dropped from 8.4% to 2.4%, return on sales declined from 14.7% to 4.3%, and return on equity (ROE) decreased from 19.2% to 5.6%. EBITDA margin also declined, from 41.8% to 38.2%.

**TAXATION**

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

Kcell JSC adheres to established procedures for tax accounting and reporting, maintaining full compliance with applicable tax legislation. The Company is committed to transparent engagement with tax authorities and ensures timely submission of all required reports in accordance with legal requirements. Kcell does not operate in low-tax

jurisdictions and does not employ aggressive tax planning strategies.

The total amount of tax payments made by Kcell amounted to KZT 116.4 billion in 2023 and KZT 25 billion in 2024.

**TAX PAYMENTS BY KCELL JSC, KZT million over the period**

Type of tax	2022	2023	2024
Corporate Income Tax (CIT)	12,901.20	13,852.40	5,600.00
Value-Added Tax (VAT)	13,224.60	13,240.80	10,116.00
Individual Income Tax (IIT)	1,578.10	2,540.00	1,552.40
Social Tax	1,135.40	1,414.80	1,388.00
Fee for Use of Radio Frequency Spectrum	1,636.90	80,455.10	3,027.90
Fee for Provision of Long-Distance and/or International Telephone Services, as well as Mobile Services	2,169.50	2,423.50	2,037.80
Other Taxes and Mandatory Payments	2,001.90	2,486.00	1,305.20
<b>Total Tax Payments</b>	<b>34,647.50</b>	<b>116,412.80</b>	<b>25,027.30</b>

**PROCUREMENT PRACTICES**

GRI 415-1

The Company manages its procurement processes in line with the regulatory framework established by the authorized body of the Samruk-Kazyna Sovereign Wealth Fund (the Fund) and its own internal policies. Procurement activities are conducted through the Fund's electronic procurement information system.

The Company follows key principles to ensure effective procurement, including:

- Cost minimization
- Timely delivery of goods, works, and services of the required quality
- Transparency and openness of the procurement process
- Accountability and control over decision-making

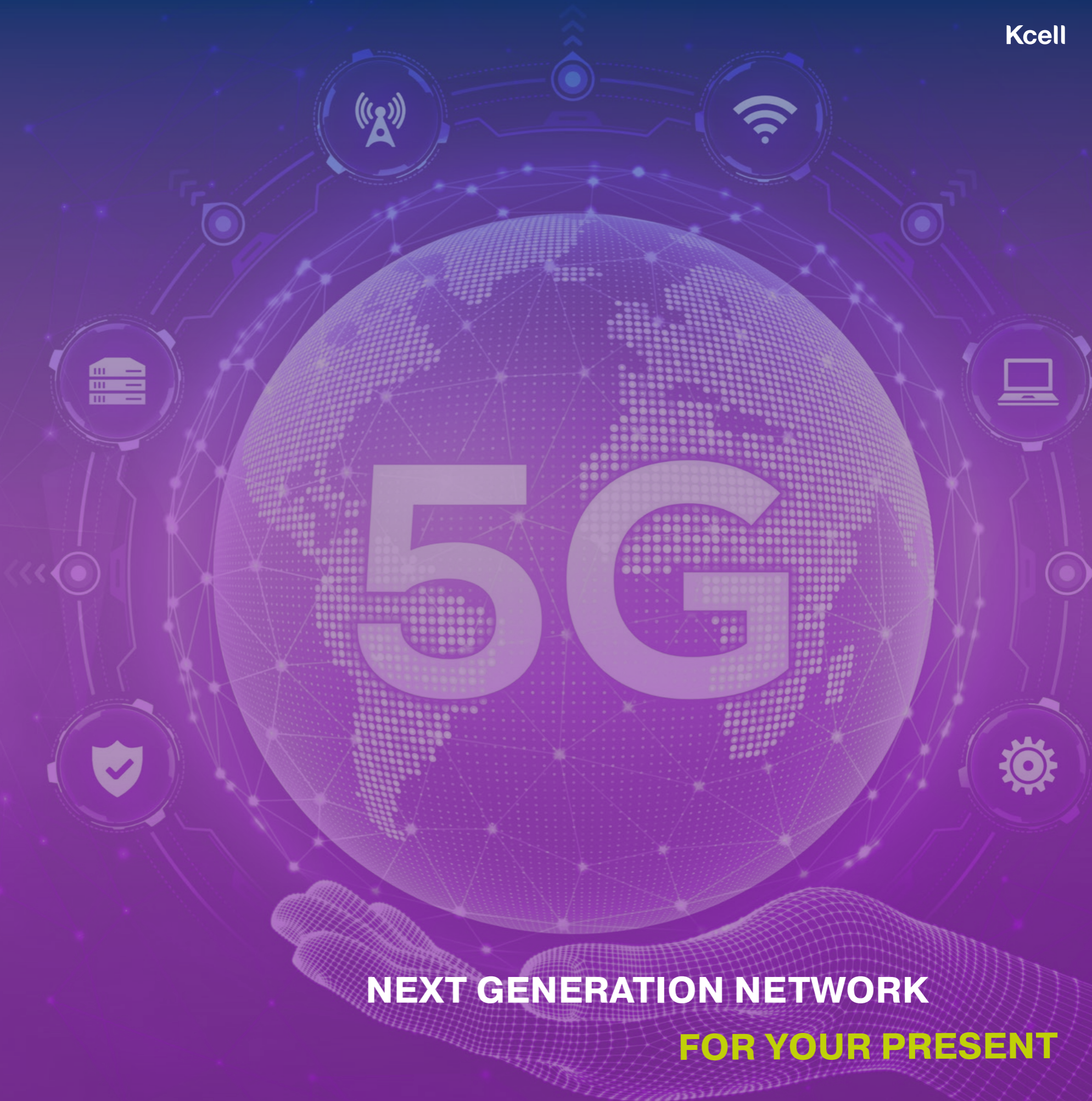
**KEY PROCUREMENT HIGHLIGHTS FOR 2024**

Procurement plan for 2024	KZT 43.2 billion
Number of contracts signed	1,412
Number of suppliers	865
Total value of signed contracts	KZT 40.1 billion
Procurement plan execution rate	98.78%
Cost savings	KZT 2.3 (5.26%)
Share of contracts awarded through competitive procedures	57.6%
Local content share in goods purchased	8.26%
Local content share in works/services purchased	85.91%

# 04

## SUSTAINABILITY MANAGEMENT

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**NEXT GENERATION NETWORK**

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# CURRENT ESG PROFILE OF THE COMPANY

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

In 2023, Kcell conducted a comprehensive SWOT analysis to assess its current ESG profile. This assessment helped clarify the strategic priorities for the Company's sustainable development agenda. The findings of the analysis remain relevant in 2024.

The analysis identified several risk areas – investment, regulatory, and reputational – that may affect the Company's investment appeal and operational resilience within the ESG context.

Specifically, there is a risk of reduced investment attractiveness due to limited transparency in climate risk disclosures, evolving regulatory requirements for ICT services, and increasing pressure related to ESG compliance.

To mitigate these risks, the Company has identified targeted strategies. On the environmental front, Kcell aims to enhance transparency and accountability by implementing a greenhouse gas (GHG) emissions tracking system and adopting an environmental management system aligned with international standards.

Social risks can be addressed through greater investment in human capital, including the development of a human rights risk map and the application of international social responsibility standards.

For governance, the Company is committed to adhering to global frameworks such as GRI, IFRS S1 and S2, and actively participating in the CDP program to disclose its carbon footprint. These measures not only support regulatory compliance but also contribute to improved reputation and long-term investment attractiveness.

## SWOT Analysis of Kcell JSC's ESG Profile



### ENVIRONMENTAL ASPECT

- |  |   |  |   |
|--|---|--|---|
| <ul style="list-style-type: none"> <li>• Low greenhouse gas emissions</li> <li>• Separate energy consumption accounting in data centers</li> </ul> | <ul style="list-style-type: none"> <li>• No established system for managing climate-related impacts or defining GHG emission reduction pathways</li> <li>• No defined targets for waste utilization or disposal (e.g., recycling, landfill, incineration)</li> <li>• No Environmental Policy currently in place</li> <li>• No products or services currently classified as low-carbon offerings</li> <li>• No procedure in place to monitor the Company's impact on biodiversity</li> </ul> | <ul style="list-style-type: none"> <li>• Introduction of quantitative targets for environmental performance (e.g., waste reduction, GHG emissions reduction)</li> <li>• Identification of products, activities, and services aligned with the UN Sustainable Development Goals (SDGs)</li> <li>• Assessment of current biodiversity levels in the Company's operational areas</li> <li>• Consideration and evaluation of transitional climate risks (in line with TCFD recommendations)</li> <li>• Attraction of green investments to finance GHG reduction initiatives</li> </ul> | <ul style="list-style-type: none"> <li>• High cost of low-carbon technologies</li> <li>• Stricter environmental regulations, including those targeting the telecom sector</li> <li>• Extreme weather events potentially damaging infrastructure and harming the Company's reputation</li> <li>• Reduced investment appeal due to insufficient disclosure of climate-related risks</li> <li>• Missed opportunities resulting from the absence of an institutional and regulatory framework for climate-related projects</li> </ul> |
|--|---|--|---|

### SOCIAL ASPECT

- |  |   |   |   |
|--|---|---|---|
| <ul style="list-style-type: none"> <li>• Industry policy on freedom of expression in the telecommunications sector</li> <li>• Well-developed occupational health and safety management system</li> <li>• Robust employee feedback mechanisms</li> <li>• Comprehensive employee social support system</li> <li>• Risk register for workforce management with mitigation measures</li> <li>• Extensive employee training and professional development programs</li> <li>• Broad accessibility of ICT services across coverage zones</li> <li>• Established system for individual and team-based performance management</li> <li>• Company privacy policies ensuring data protection</li> </ul> | <ul style="list-style-type: none"> <li>• No formal process for assessing and managing human rights risks</li> <li>• Absence of a collective bargaining agreement</li> <li>• Lack of policies or mechanisms to manage diversity and prevent discrimination</li> <li>• No initiatives to ensure gender pay equity</li> <li>• No established policy for engagement with local communities</li> <li>• Lack of long-term employee incentive programs</li> <li>• Limited freedom of association</li> <li>• Insufficient communication on personal data protection and privacy rights</li> </ul> | <ul style="list-style-type: none"> <li>• Advancing digital literacy through ICT</li> <li>• Strengthening investment in human capital</li> <li>• Increasing revenue through expanded online service offerings</li> <li>• Implementing structured human rights risk management</li> <li>• Deploying new applications and platforms to optimize resource use</li> <li>• Addressing stakeholder demand with human rights-focused digital tools</li> <li>• Introducing a human rights risk mapping framework</li> <li>• Enhancing health and safety outcomes for employees and contractors</li> <li>• Increasing the proportion of highly qualified personnel</li> <li>• Supporting employee well-being and improving quality of life</li> </ul> | <ul style="list-style-type: none"> <li>• Macroeconomic factors leading to a decline in real household income</li> <li>• Operational dependence on a single central communications hub in Almaty</li> <li>• Tightening regulatory and legal requirements for ICT services</li> </ul> |
|--|---|---|---|

### CORPORATE GOVERNANCE

- |   |  |   |  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• High proportion of independent directors on the Board of Directors</li> <li>• Existence of an Audit and Sustainability Committee under the Board</li> <li>• Active participation in projects promoting the digital economy and access to information resources</li> <li>• Diversified portfolio of products and services</li> <li>• Sustainability principles are integrated into both operational and strategic activities through various corporate documents, including policies, codes, charters, the development strategy, and ESG roadmaps</li> <li>• Clearly defined priorities in achieving the Sustainable Development Goals (SDGs)</li> <li>• Established ESG goals and defined key performance indicators (KPIs)</li> <li>• The Board of Directors and senior management are actively involved in sustainability matters</li> </ul> | <ul style="list-style-type: none"> <li>• Limited transparency in ESG disclosures</li> <li>• Low representation of women on the Management Board and Board of Directors</li> <li>• Dependence on government regulation and oversight</li> <li>• Absence of a diversity policy for the Board of Directors specifying how diversity factors are considered in appointments</li> <li>• Lack of disclosure regarding the CEO's remuneration, the median employee remuneration, and the ratio between them</li> <li>• Insufficient transparency in senior management compensation</li> <li>• No disclosure of breaches of the company's codes of conduct or ethics (e.g. corruption, discrimination)</li> <li>• Absence of a formal ESG risk management system</li> <li>• Employee performance evaluations do not include incentives linked to compliance with codes of conduct or reporting corruption</li> </ul> | <ul style="list-style-type: none"> <li>• Rapid technological change and innovation being successfully adopted by the Company</li> <li>• Local economic growth creating a more favorable operating environment</li> <li>• Attraction of investment through deeper ESG integration into operations</li> <li>• Opportunity to expand market share by growing the customer base and strengthening market position</li> <li>• Value creation through the design of new products and services incorporating sustainability principles</li> <li>• Potential to achieve a high ESG rating by applying international standards such as GRI, IFRS S1/S2, and disclosing carbon footprint data via CDP</li> <li>• Strengthening corporate social responsibility</li> <li>• Leveraging international expertise and partnerships to enhance ESG practices and integrate them into business processes</li> <li>• Leading by example in implementing an ESG supplier program that identifies and mitigates material ESG risks while offering development opportunities to suppliers</li> </ul> | <ul style="list-style-type: none"> <li>• Data security breaches due to unauthorized access or leakage of confidential information</li> <li>• Geopolitical conflict, political instability, or structural changes in governance that could disrupt operations</li> <li>• Increasing ESG-related regulatory pressure and investor scrutiny requiring significant attention and resources</li> <li>• Potential international sanctions and trade restrictions</li> <li>• Risk of reduced financial stability due to global economic slowdown, inflationary pressures, or liquidity challenges</li> <li>• Legal disputes or litigation, particularly related to antitrust issues and data privacy, that may demand significant time and resources</li> </ul> |
|---|--|---|--|

# KCELL'S STRATEGIC PRIORITIES IN SUSTAINABLE DEVELOPMENT

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

Based on an assessment of its current ESG profile, Kcell has identified 11 strategic priorities in the area of sustainable development.



# KCELL'S CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

GRI 2-24

Kcell JSC fully supports the objectives outlined in the United Nations' 2030 Agenda for Sustainable Development, as adopted in UN General Assembly Resolution 70/1 of 15 September 2015, "Transforming our world: the 2030 Agenda for Sustainable Development." The Company recognizes the importance of all 17 Sustainable Development Goals (SDGs) and is committed to contributing to their achievement. Given the nature of Kcell's operations and business model, 9 of the 17 SDGs have been identified as particularly relevant, where the Company makes a direct contribution through its core activities.

The integration of priority SDGs into Kcell's ESG strategy serves as a strategic driver, aligning the Company's sustainability efforts with a globally recognized framework. Covering a broad spectrum of environmental, social, and economic issues, the SDGs offer a holistic approach to sustainable development, enabling Kcell to proactively manage risks and enhance operational effectiveness. By aligning its ESG strategy with the SDGs, Kcell not only supports global sustainable development but also strengthens its long-term competitiveness and better meets the expectations of stakeholders.



## TARGETED ESG INITIATIVES

Stakeholders	Kcell Initiatives	Relevant UN SDGs	Number of Initiatives
<b>Customers</b>	Ensuring data privacy and security Consumer health and safety Provision of high-quality services	SDG 11 – Sustainable Cities and Communities SDG 3 – Good Health and Well-being SDG 10 – Reduce Inequalities	
<b>Employees</b>	Fair compensation Occupational health and safety Enabling personal growth and increasing engagement	SDG 8 – Decent Work and Economic Growth SDG 10 – Reduced Inequalities SDG 13 – Climate Action SDG 5 – Gender Equality	
<b>Shareholders</b>	Financial and economic performance Commitment to best practices in corporate governance Sustainable business development	SDG 8 – Decent Work and Economic Growth SDG 9 – Industry, Innovation and Infrastructure SDG 13 – Climate Action	
<b>Partners</b>	Supporting the development of the digital economy Modernization of telecom infrastructure Contributing to public safety Philanthropy and sponsorship Sustainability initiatives	SDG 11 – Sustainable Cities and Communities SDG 3 – Good Health and Well-being SDG 17 – Partnerships for the Goals	> 200 ESG activities
<b>Государство</b>	Supporting the development of the digital economy Modernization of telecom infrastructure Contributing to public safety Philanthropy and sponsorship Sustainability initiatives	SDG 9 – Industry, Innovation and Infrastructure SDG 13 – Climate Action SDG 15 – Life on Land SDG 11 – Sustainable Cities and Communities	
<b>Society</b>	Indirect economic impact Improving quality of life through social investment Expanding access to new technologies	SDG 8 – Decent Work and Economic Growth SDG 10 – Reduced Inequalities SDG 3 – Good Health and Well-being SDG 9 – Industry, Innovation and Infrastructure	

# 05

## CORPORATE GOVERNANCE

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**NEXT GENERATION NETWORK**

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## CORPORATE GOVERNANCE SYSTEM

The structure, principles, and procedures of Kcell's corporate governance are set out in the Company's Corporate Governance Code, adopted by the General Meeting of Shareholders on May 24, 2021. The purpose of this Code is to improve and systematize the Company's governance framework, enhance transparency, and reaffirm Kcell's commitment to the principles of sound corporate governance.

According to the Code, corporate governance refers to the set of processes that ensure effective management and oversight of the Company's operations. This includes the relationships among shareholders, the Board of Directors, the Management Board, other governing bodies, and stakeholders. Kcell views corporate governance as a strategic tool for improving operational efficiency, strengthening its reputation, and reducing the cost of capital.

### PRINCIPLES OF CORPORATE GOVERNANCE AT KCELL

<b>Protection of Shareholders' Rights and Interests</b>	Kcell's corporate governance is grounded in the principle of protecting and respecting the rights and lawful interests of its shareholders. This principle supports the Company's effective operations, growth in assets, financial stability, and profitability.
<b>Effective Management by the Board of Directors and Management Board</b>	The Board of Directors operates with a strong focus on upholding and realizing shareholder interests, aiming to increase the Company's market value. The Management Board adheres to the principles of legality, integrity, good faith, prudence, consistency, professionalism, and objectivity.
<b>Transparency and Accuracy in Information Disclosure</b>	The Company is committed to ensuring maximum transparency by providing timely, accurate, and reliable information to shareholders and stakeholders. This includes data on financial performance, operational results, ownership structure, and corporate governance practices.
<b>Compliance and Business Ethics</b>	The Company operates in strict accordance with applicable laws, universally accepted standards of business ethics, internal regulations, and contractual obligations.
<b>Effective Dividend Policy</b>	Dividends are paid in line with the Company's dividend policy, relevant legislation, its Charter, and resolutions of the General Meeting of Shareholders. Any dividend distribution decision is made in full compliance with legal requirements.
<b>Effective Human Resource Policy</b>	The Company guarantees employee rights in accordance with labor laws and Kcell's Code of Ethics and Conduct. It fosters strong partnerships with its workforce to address social issues and manage working conditions.
<b>Sustainable Development</b>	Acknowledging its impact on the economy, environment, and society, the Company strives for long-term sustainable development. It seeks to balance shareholder interests with improved ESG performance over time.
<b>Resolution of Corporate and Conflict of Interest Situations</b>	Members of the Board of Directors, the Management Board, and all employees perform their duties with integrity, diligence, and care, acting in the Company's and shareholders' best interests while avoiding conflicts of interest. Any conflict of interest must be promptly reported to the Corporate Secretary.

## SHARE CAPITAL

The Company's share capital consists of 200,000,000 fully paid ordinary shares with a nominal value of KZT 169 per share. The controlling stake is held by Kazakhtelecom JSC, which is ultimately controlled by the Government of

the Republic of Kazakhstan through Samruk-Kazyna Sovereign Wealth Fund JSC. The full list of shareholders as of 31 December 2023 and 31 December 2024 is provided in the table below.

### CHANGES IN THE SHAREHOLDER STRUCTURE DURING THE REPORTING PERIOD

	31 December 2024	31 December 2023
Kazakhtelecom JSC	51.00%	51.00%
KC HOLDING LTD (Private company)	14.87%	–
First Heartland Jusan Bank JSC	9.08%	9.08%
Unified Accumulative Pension Fund JSC	7.10%	7.06%
Kazpost JSC	3.36%	2.36%
Samruk-Kazyna Sovereign Wealth Fund JSC	2.97%	--
Zhasyl Damu JSC	2.73%	2.59%
T.R. Turlov	1.99%	2.19%
TURLOV PRIVATE HOLDING LTD (Private company)	1.91%	-
Raiffeisenbank JSC	1.54%	1.54%
G.Sh. Yesenov	-	14.87%
Other shareholders	3.45%	9.31%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## SHAREHOLDER RIGHTS

The rights of shareholders are fully defined in the Charter of Kcell JSC, as approved by the General Meeting of Shareholders on 29 May 2019, in accordance with the legislation of the Republic of Kazakhstan. A **shareholder is entitled to:**

1. Participate in the management of the Company as prescribed by applicable law and the Charter;
2. If holding, individually or jointly with other shareholders, 5% or more of the voting shares – propose additional items for inclusion in the agenda of the General Meeting of Shareholders;
3. Receive dividends;
4. Access information about the Company's operations, including its financial statements, in the manner established by the General Meeting or the Charter;
5. Obtain statements from the central depository or nominee holder confirming ownership of securities;
6. Propose candidates for election to the Board of Directors;

7. Challenge decisions of the Company's governing bodies in court;
8. If holding, individually or jointly with others, 5% or more of the voting shares – file claims in court, in the cases provided by law, for compensation of losses caused to the Company by its officers, and for recovery of any profit (income) received by them and/or their affiliates from decisions on major transactions or related-party transactions;
9. Submit written inquiries to the Company and receive reasoned responses within thirty (30) calendar days from the date of submission;
10. Receive a portion of the Company's assets upon liquidation;
11. Exercise preemptive rights to purchase shares or other securities convertible into shares, as prescribed by law, unless otherwise provided by legislation;

12. Participate in decisions of the General Meeting regarding changes to the number or type of the Company's shares, in accordance with the law;
13. Exercise any other rights granted under the Law of the Republic of Kazakhstan "On Joint Stock Companies" and the Charter.

A shareholder holding 10% or more of the Company's voting shares – whether individually or jointly with others under a shareholders' agreement – is entitled to:

1. Request an Extraordinary General Meeting of Shareholders or file a claim in court if the Board of Directors refuses to convene one;
2. Request a meeting of the Board of Directors;

3. Request that the Company be audited by an external auditor, at the shareholder's own expense.

Shareholders holding, individually or collectively, 5% or more of the Company's voting shares may request information on the annual remuneration of individual members of the Board of Directors and/or executive management, subject to both of the following conditions:

- A court has determined that the board or executive member deliberately misled shareholders to secure personal gain for themselves or their affiliates;
- It is proven that such misconduct or negligence directly resulted in financial losses for the Company.

## DIVIDEND PAYMENTS

Dividend payments are subject to approval by the General Meeting of Shareholders. Dividends on ordinary shares may be distributed annually, semi-annually, or quarterly, following the completion of the relevant financial audit.

No dividends were paid in 2022, 2023, or 2024. The last dividend distribution was in 2021, amounting to KZT 17.578 billion.

## GOVERNANCE STRUCTURE

GRI 2-9

General Meeting of Shareholders	The highest governing body of the Company
Board of Directors	Responsible for setting the Company's strategic direction, providing overall oversight, and monitoring the activities of the Management Board
Management Board	A collective executive body that oversees the day-to-day operations of the Company and implements the strategy defined by the Board of Directors and the General Meeting of Shareholders
Internal Audit Function	Oversees the Company's financial and operational activities, and evaluates the effectiveness of internal controls and risk management systems

## GENERAL MEETING OF SHAREHOLDERS

GRI 2-9

The General Meeting of Shareholders holds the exclusive authority to:

- Approve amendments and additions to the Company's Charter, or adopt a new version thereof;
- Approve the Corporate Governance Code, along with any amendments and additions;
- Adopt decisions on the voluntary reorganisation or liquidation of the Company;
- Approve an increase in the number of authorised shares or changes to the type of unplaced authorised shares;
- Determine the terms and procedure for converting the Company's securities, as well as make changes thereto;
- Approve the issuance of securities convertible into the Company's ordinary shares;
- Approve the exchange of placed shares of one type for another, including the terms, timing, and procedure for such exchange;
- Determine the composition and term of the Counting Commission, elect its members, and terminate their powers early;
- Determine the number and term of office of the Board of Directors, elect its members, and terminate their powers early; establish the amount and terms of remuneration and reimbursement of expenses for Board members in the course of fulfilling their duties;
- Appoint the audit firm to conduct the Company's audit;
- Approve the Company's annual financial statements;
- Approve the procedure for distributing the Company's net income for the reporting financial year, decide on the payment of dividends on ordinary shares, and approve the dividend amount per ordinary share;
- Decide on the payment of interim dividends (quarterly or semi-annually), the distribution of retained earnings, and approve the amount of dividends per ordinary share;

- Decide not to pay dividends on the Company's ordinary shares;
- Approve the voluntary delisting of the Company's shares;
- Approve the Company's participation in the establishment or operations of other legal entities, or its withdrawal from such participation through the transfer (or receipt) of one or more asset segments totalling 25% or more of the Company's total assets;
- Determine the method for notifying shareholders of the convening of a General Meeting;
- Approve changes to the share buyback valuation methodology used in the unlisted market (or approve the methodology itself, if not previously approved by the founding meeting), in accordance with applicable law;
- Approve the agenda of the General Meeting;
- Determine the procedure for providing shareholders with information about the Company's operations, if not already defined in the Charter;
- Introduce or cancel a "golden share";
- Approve major transactions where the acquisition or disposal of assets equals or exceeds 50% of the total book value of the Company's assets at the time of the decision;
- Approve the Company's dividend policy;
- Decide on any other matters assigned to the exclusive competence of the General Meeting of Shareholders under applicable law or the Charter.

The procedure for conducting the General Meeting of Shareholders ensures that all shareholders have equal opportunities to exercise their rights to participate. Shareholders may vote either in person or by proxy granted to a third party. The meeting regulations are designed to allow sufficient time and opportunity for shareholders to thoroughly discuss agenda items and to make well-informed decisions.



# BOARD OF DIRECTORS

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

The Board of Directors is a governing body accountable to the General Meeting of Shareholders and bears overall responsibility for the Company's strategic oversight and supervision of the Management Board's activities.

The exclusive powers of the Board of Directors include the authority to:

- Define the Company's strategic priorities, development goals, and major projects; monitor their implementation; and approve the Company's development plan.
- 2) Approve Company policies and other key internal documents, unless responsibility for them lies with other governing bodies.
- 3) Convene annual and extraordinary General Meetings of Shareholders.
- 4) Approve the issuance (placement) of shares within the limits of authorised shares, including quantity, method, and price, in compliance with applicable law.
- 5) Approve the repurchase of issued shares or other securities by the Company and determine the repurchase price.
- 6) Preliminarily approve the Company's annual financial statements.
- 7) Approve the Company's annual report.
- 8) Establish committees of the Board of Directors, appoint their members, and approve the terms of reference for each committee.
- 9) Approve the terms for issuing bonds and derivative securities, and resolve on their issuance.
- 10) Determine the number of members and the term of office of the Management Board, elect the Chairperson and members of the Management Board, and terminate their powers early if necessary.
- 11) Set the base salaries, compensation terms, and bonus arrangements for the Chairperson and members of the Management Board.
- 12) Approve the Regulations governing the activities of the Management Board.
- 13) Approve standard employment contract templates to be used for the Chairperson and members of the Management Board.
- 14) Approve succession planning programmes for members of the Management Board and other key employees, as defined by the Board of Directors.
- 15) Determine the composition and term of office of the Internal Audit Department, appoint its head and members, terminate their powers early, define its

operational procedures, set salaries and bonus terms for its employees, and approve its governing Regulations.

- 16) Appoint the Corporate Secretary, define the term of appointment, terminate the appointment early if needed, set the salary and remuneration conditions, and approve the Corporate Secretary's Regulations
- 17) Determine the remuneration for audit services related to the Company's financial statements, as well as for valuation services involving assets contributed in exchange for shares or subject to major transactions.
- 18) Approve internal documents regulating the Company's operations (except those adopted by the Management Board for day-to-day operations), including rules for conducting securities auctions and subscriptions.
- 19) Approve the establishment and closure of branches and representative offices, and approve their internal regulations.
- 20) Approve the acquisition or disposal by the Company of 10% or more of shares (or equity interests) in other legal entities.
- 21) Make decisions related to the activities of any legal entity in which the Company holds 10% or more of the shares (or equity interests), including matters typically reserved for that entity's own general meeting of shareholders or participants
- 22) Approve transactions that would increase the Company's liabilities by 10% or more of its equity capital.
- 23) Determine which Company-related information constitutes official, commercial, or other legally protected confidentiality.
- 24) Approve major transactions, except where such approval falls under the authority of the General Meeting of Shareholders, as stipulated by law and the Charter.
- 25) Approve related-party transactions, except those which, under law or the Charter, are within the remit of other governing bodies.
- 26) Approve the Company's annual budget and accounting policy.
- 27) Approve the Company's organisational structure.
- 28) Approve the Company's key performance indicators (KPIs), as well as the individual KPIs of the Chairperson and members of the Management Board.
- 29) Approve the issuance of guarantees by the Company for the obligations of any other legal entity.
- 30) Approve decisions regarding the raising of external financing.

- 31) Review in advance draft versions of the Company's Charter, Corporate Governance Code, and Dividend Policy (including any amendments), as well as any changes to the valuation methodology for share buybacks on the over-the-counter market, prior to submission to the General Meeting of Shareholders at the Company's initiative
- 32) Decide on other matters as provided by the legislation of the Republic of Kazakhstan and/or the Charter, except for those that fall under the exclusive competence of the General Meeting of Shareholders.
- 33) Determine the composition and term of office of the Compliance Control Service, including the number of members; appoint its head and members; terminate their powers early if necessary; define the service's operating procedures, as well as the level and conditions of remuneration and bonuses for its staff; and approve the Regulation on the Compliance Control Service.

To support the effective performance of its duties, the Board of Directors establishes committees focused on the following areas:

- Strategic Planning;
- Personnel and Remuneration;
- Internal Audit;
- Sustainable Development;
- Other areas as defined by the Company's internal documents.

Kcell JSC utilizes a dedicated platform that ensures comprehensive security in the management and operational processes of the Board. This platform also enhances information exchange and contributes to the overall efficiency of the Board's work. In accordance with the provisions of the Company's Charter, members of the Board of Directors or any of its committees, as well as external experts, may participate in meetings via teleconference or other means of communication that allow all participants to hear and speak to one another in real time.

## Principles for Appointment to the Board of Directors

Candidates for election to the Company's Board of Directors may be nominated from among the following:

- Shareholders who are natural persons;
- Individuals nominated to represent shareholders on the Board;
- Individuals who are neither shareholders nor nominated as shareholder representatives.

Candidates and current members of the Board must possess relevant professional experience, expertise, qualifications, a record of positive achievements, and an impeccable reputation within the business and industry community. These attributes are essential for fulfilling their duties and ensuring the Board operates effectively in the interests of both shareholders and the Company. At least 30% of the total Board membership must be composed of independent directors.

## Members of the Board of Directors

During 2024, the following changes occurred in the composition of the Board of Directors:

- On 27 May 2024, the Annual General Meeting of Shareholders resolved to early terminate the powers of independent director and Board member Pietari Kivikko.
- On 26 September 2024, the Extraordinary General Meeting of Shareholders resolved to early terminate the powers of Board member and Kazakhtelecom JSC representative A.V. Lezgovko.
- On 26 September 2024, the Extraordinary General Meeting of Shareholders resolved to early terminate the powers of Board member and Kazakhtelecom JSC representative A.B. Kishkimbayeva.
- On 27 May 2024, the Annual General Meeting of Shareholders elected A.K. Abdualiev as an independent

director and member of the Board of Directors of Kcell JSC.

- On 26 September 2024, the Extraordinary General Meeting of Shareholders elected the following individuals to the Board of Directors:
  1. Alibek Beybitovich Indykbaev – member of the Board of Directors of Kcell JSC, representative of major shareholder Kazakhtelecom JSC;
  2. Yerzhan Bolatovich Meiramov – member of the Board of Directors of Kcell JSC, representative of major shareholder Kazakhtelecom JSC.

As of 31 December 2024, the Board comprised seven members, including four independent directors.



## MEMEBERS OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2024

<b>Alexey Buyanov</b>	Chairman of the Board of Directors, independent director
<b>Alibek Indykbaev</b>	representative of Kazakhtelecom JSC
<b>Yerzhan Meiramov</b>	representative of Kazakhtelecom JSC
<b>Jere Calmes</b>	independent director
<b>Aset Abdualiev</b>	independent director
<b>Dauren Kereibayev</b>	representative of a major shareholder of Kcell JSC – KC HOLDING LTD Private-held company
<b>Sanzhar Zhamalov</b>	independent director

## BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS



**ALEXEY  
NIKOLAEVICH  
BUYANOV**

**Chairman of the Board of Directors, independent director**

**Date of birth:** 15 August 1969

**Nationality:** resident of Luxembourg, RF citizenship

**Shareholding in the Company:** None

Mr Buyanov has served as Chair of the Board of Directors and an Independent Director of Kcell JSC since 25 January 2019.

He was re-elected as Chair of the Board of Directors of Kcell JSC for a three-year term at the Annual General Meeting of Shareholders held on 19 May 2022.

Mr Buyanov also serves as an Independent Director at Kazakhtelecom JSC and as a Director at Bengala Investments. From 2002 to 2014, he held the roles of Senior Vice President and Chief Financial Officer, as well as a Board Member, at PJSC Sistema, an investment holding company listed on the London Stock Exchange. From 2014 to 2016, he was Managing Director and Chair of the Investment Committee at Redline Capital Management S.A. He graduated from the Moscow Institute of Physics and Technology (MIPT) with a degree in Applied Physics and Mathematics and is an alumnus of the Oxford Fintech Programme at the Saïd Business School, University of Oxford.



**ALIBEK  
BEYBITOVICH  
INDYKBAEV**

**Representative of Kazakhtelecom JSC**

**Date of birth:** 30 July 1988

**Nationality:** Republic of Kazakhstan

**Shareholding in the Company:** None

Alibek Indykbaev was elected to the Board of Directors of Kcell JSC on 26 September 2024 at the Extraordinary General Meeting of Shareholders.

He holds two university degrees in Finance and Telecommunications and brings over 19 years of professional experience.

Mr Indykbaev began his career in the field of information technology in 2005. He has since held senior positions at organisations such as KazTransCom JSC and served as IT Adviser to the Chair of the Management Board at Altyn Bank JSC.

He currently serves as a Member of the Management Board of Kazakhtelecom JSC and holds the position of General Director of the Corporate Business Division.

Mr Indykbaev graduated from Turan University in 2008 with a degree in Finance, and in 2018 earned a degree in Radio Engineering, Electronics and Telecommunications from the M.Tynyspayev Kazakh Academy of Transport and Communications.



**YERZHAN  
BOLATOVICH  
MEIRAMOV**

**Representative of Kazakhtelecom JSC**

**Date of birth:** 2 March 1982

**Nationality:** Republic of Kazakhstan

**Shareholding in the Company:** None

Yerzhan Bolatovich Meiramov was elected to the Board of Directors of Kcell JSC on 26 September 2024 at the Extraordinary General Meeting of Shareholders.

Mr Meiramov began his career in 2004 at the Ministry of Finance of the Republic of Kazakhstan. He went on to hold senior positions at the Development Bank of Kazakhstan, the National Company “Astana EXPO-2017” JSC, Qazkom, Fincraft Investment House JSC, and Kcell JSC.

In 2021, he was appointed Chair of the Telecommunications Committee under the Ministry of Digital Development and Aerospace Industry of the Republic of Kazakhstan.

Mr Meiramov holds a degree in Public Administration from King’s College London.

He was awarded the state medal “Yeren yenbegi ushin” (“For Distinguished Labour”) on 14 October 2022.



**JERE  
CALMES**

**Independent director**

**Date of birth:** 1 December 1969

**Nationality:** United States

**Shareholding in the Company:** None

Jere Calmes has served on the Board of Directors of Kcell JSC since 15 January 2020.

He was re-elected for a three-year term at the Annual General Meeting of Shareholders held on 9 May 2022.

Mr Calmes brings over 20 years of experience in telecommunications and wholesale and retail trade, with a strong focus on emerging markets. He currently serves as CEO of THE ICONIC.

From May 2020 to July 2023, he led Lamoda Group, and from December 2016 to June 2019, he was CEO of the Russian division of Metro Cash & Carry. Prior to that, Mr Calmes held a number of executive positions in the telecommunications sector, including Deputy CEO of Tele2, CEO of Tele2 Russia, Managing Director of Italian mobile operator Wind Telecomunicazioni, Senior Vice President and Managing Director of the Moscow office of VEON Ltd., and Head of Customer Operations and Credit Control at Orange Egypt.

He has also served on the board of Ukrainian telecoms operator Datagroup JSC, was Managing Director at Fast Lane Ventures, President of the Russian pharmacy chain 36.6, and CEO of the chain’s management company. In addition, Mr Calmes acted as an advisor to the investment fund Adva Capital.

Mr Calmes holds a bachelor’s degree in Political Science and Economics from Bates College (Maine, USA), and has completed an executive leadership programme at the Wharton School of Business.



#### Independent director

**Date of birth:** 08 August 1984  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

Mr. Abdualiev has served on the Board of Directors of Kcell JSC since 28 May 2024.

He has held senior roles both internationally and in Kazakhstan, including Head of Strategy and Development at TASKRABBIT, INC., Senior Consultant at McKinsey & Company, and Deputy Chairman of the Management Board at Almaty Development Centre JSC.

He is currently the Founder and CEO of Silkroad Innovation Hub, based in Silicon Valley (Palo Alto, USA).

Mr Abdualiev holds a Master of Public Administration from the Harvard Kennedy School and a Master of Science in Business Administration and Management from the Stanford Graduate School of Business.

He also serves as an Independent Director at Kazakhtelecom JSC and sits on the boards of trustees of the American University of Central Asia and the Best for Kids charitable foundation.

▶ **ASET  
KUANDYKOVICH  
ABDUALIEV**



#### Representative of a major shareholder KC HOLDING LTD Private-held company

**Date of birth:** 5 October 1971  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

Mr. Dauren Zhumagalievich Kereybayev was elected to the Board of Directors of Kcell JSC on 29 November 2023 by resolution of the Extraordinary General Meeting of Shareholders.

He has extensive professional experience in information technology and telecommunications, economic analysis and planning, and finance.

From 2018 to 2021, he served as Managing Director for Digitalisation and Transformation at Samruk-Kazyna JSC. In 2021, he joined Kazakhtelecom JSC as Managing Director for the Modernisation Programme and was later appointed Director for Support Function Development.

Mr Kereybayev currently serves as Vice President of the Big Data Association.

He holds degrees in Mechanics and Applied Mathematics from Novosibirsk State University (1992) and in Finance and Credit from the Kazakh State Academy of Management (1998). In 2018, he earned an Executive MBA from the University of Chicago Booth School of Business.

He has been awarded the “Yeren Yenbegi Ushin” state medal and the honorary public award “Distinguished Finance Professional”.

▶ **DAUREN  
ZHUMAGALIEVICH  
KEREIBAYEV**



#### Independent director

**Date of birth:** 20 May 1985  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

Member of the Board of Directors of Kcell JSC since 29 November 2023.

Mr. Zhamalov brings extensive experience in the financial sector, having worked at Kazkommerts Securities JSC, ING Bank N.V. in its London office, and the National Bank of the Republic of Kazakhstan. He currently serves as General Director of Mastercard for Kazakhstan and Central Asia.

Mr. Zhamalov entered the telecommunications industry in 2014 as a Senior Manager in the Project Finance Department at Kazakhtelecom JSC. He has also served on the Boards of Directors of KazSatNet JSC and National Information Technologies JSC – the operator of Kazakhstan’s e-government ICT infrastructure.

He holds an Executive MBA from the University of Cambridge (UK), a Master’s degree in International Financial Analysis from Newcastle University (UK), and a Bachelor’s degree in Financial Mathematics from Charles University (Czech Republic). Mr. Zhamalov also holds the Chartered Financial Analyst (CFA) designation and a Certificate in Company Direction from the Institute of Directors (UK).

▶ **SANZHAR  
ERKEBAYEVICH  
ZHAMALOV**

## Performance Evaluation of the Board of Directors

The Board of Directors is required to conduct a comprehensive evaluation of its performance – including that of its committees and individual directors – at least once every three years. The results of the evaluation are discussed at a meeting of the Board, and recommendations are developed to improve the Board’s effectiveness.

On 17 February 2022, the Board of Directors approved the Rules for Evaluating the Performance of the Board of Directors, Its Committees, the Chairperson, Individual Board Members, and the Corporate Secretary of Kcell JSC (hereinafter, the Rules). It also resolved to conduct a self-assessment of the Board’s performance based on these Rules.

The results of the self-assessment were reviewed at the meeting of the Board of Directors held on 15 April 2022. Based on the findings, recommendations were provided to enhance the Board’s functioning.

In 2024, no evaluation of the performance of the Company’s Board of Directors was conducted.

The primary objective of the evaluation is to improve the quality and efficiency of the work of the Board, its Committees, their Chairpersons, each Board member, and

the Corporate Secretary – thereby increasing the Board’s contribution to the Company’s long-term value creation and sustainable development.

The evaluation produced the following key findings:

- The activities of the Board of Directors, its members, committees, Chairperson, and Corporate Secretary are, in all material respects, aligned with the majority of established criteria and international best practices in corporate governance.
- Board members actively participate in the work of the Board, collaborate effectively as a team, and make individual contributions to improving the Board’s performance.
- Board members possess the necessary knowledge and professional experience and have a solid understanding of the industry.
- The performance of the Chairperson of the Board received a positive assessment.
- The performance of the Corporate Secretary also received a positive assessment.
- The Board Committees were found to be effective in fulfilling their assigned responsibilities.
- The composition of the Committees is well-balanced and aligned with their respective goals and objectives.



## Board Activities in the Reporting Year

In 2024, the Board of Directors held 13 meetings – 11 in-person and 2 in absentia. During these meetings, the Board reviewed and made decisions on a range of key matters, including:

- Approval of the Company's development plan;
- Approval of major transactions;
- Appointment and early termination of Management Board members;
- Preliminary approval of the 2024 annual financial statements;

- Convening of the Annual and Extraordinary General Meetings of Shareholders in 2024, including the preparation of dividend proposals;
- Appointment and early termination of employees of the Internal Audit and Compliance Control functions;
- Approval of the Company's internal documents.

In addition, the Board considered various business, commercial, operational, and legal matters related to the Company's activities.

## Remuneration of Board of Directors

Matters related to the remuneration of directors are subject to approval by the General Meeting of Shareholders. The level of remuneration must be sufficient to attract, retain, and motivate directors and to ensure the effective performance of their duties. It should also reflect the time and effort required from each director, as well as the quality of their contributions.

The Company discloses information on director remuneration in accordance with applicable laws. Details of remuneration paid to directors during the reporting period are disclosed in the Annual Report.

Under the current Remuneration Policy, the Company pays its independent directors an annual fee consisting of two components: a fixed annual remuneration and an additional annual remuneration. Directors are also reimbursed for expenses incurred in the course of fulfilling their duties.

In 2019, the General Meeting of Shareholders approved the following pre-tax annual fees for independent directors: a fixed annual fee of USD 75,000; an additional annual fee of USD 25,000 for the Chair of the Board of Directors; an additional annual fee of USD 15,000 for the Chair of any Board Committee. Fifty percent of the fixed annual remuneration and any additional remuneration for serving as Chair of the Board or a Committee is paid six months after the director assumes office, with the remaining 50 percent paid one year after appointment.

The total remuneration accrued to members of the Board of Directors for the reporting period, including withheld taxes and contributions, amounted to USD 381,322.25, which, at the exchange rate on the payment date, equates to KZT 180,696,645.38.

# BOARD COMMITTEES

## Composition of Board Committees

Four committees have been established under the Board of Directors. Each committee reviews key matters within its area of competence and provides recommendations

to the Board of Directors accordingly. The current composition of the Board committees is presented in the table below:

Name of Committee	Committee's Responsibilities	Composition as of 31 December 2024
Strategic Planning Committee	<ul style="list-style-type: none"> <li>• Strategic development of the Company</li> </ul>	<b>A.N. Buyanov</b> – chairman of the committee; <b>A.K. Abdualiev</b> ; <b>A.B. Indykbayev</b> ; <b>Jere Calmes</b> ; <b>D.Zh. Kereibayev</b>
Personnel and Remuneration Committee	<ul style="list-style-type: none"> <li>• Personnel policy; employee remuneration</li> <li>• Personnel training and motivation</li> </ul>	<b>A.K. Abdualiev</b> – chairman of the committee; <b>A.N. Buyanov</b> ; <b>A.B. Indykbayev</b> ; <b>S.E. Zhamalov</b> ; <b>D.Zh. Kereibayev</b> .
Internal Audit Committee	<ul style="list-style-type: none"> <li>• Financial reporting</li> <li>• Internal control and risk management</li> <li>• Internal and external audit</li> </ul>	<b>S.E. Zhamalov</b> – chairman of the committee; <b>AA.K. Abdualiev</b> ; <b>Jere Calmes</b> .
Sustainable Development Committee	<ul style="list-style-type: none"> <li>• Strategic matters related to sustainable development</li> <li>• Development and implementation of the Company's sustainability policies</li> </ul>	<b>S.E. Zhamalov</b> – chairman of the committee; <b>A.N. Buyanov</b> ; <b>E.B. Meiramov</b> .





## Activities of the Board Committees

### Strategic Planning Committee

In 2024, the Committee held 6 in-person meetings in accordance with approved agendas. A total of 23 agenda items were reviewed, and relevant recommendations were submitted to the Board of Directors. All matters within the Committee's remit were duly considered during the reporting period.

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

- Approval of Kcell JSC's Development Strategy,
- Approval of the budget, operating plan, capital expenditure plan, and parameters for investment activity,
- Development and modernisation of Kcell JSC's network, including the implementation plan for the network RollOut,
- Related party transactions.

### Personnel and Remuneration Committee

In 2024, the Committee held 7 in-person meetings in accordance with its meeting agendas. A total of 30 issues were reviewed, with relevant recommendations provided to the Board of Directors. All matters falling under the Committee's scope were addressed during the reporting period.

The Committee reviewed and submitted recommendations to the Board of Directors on the following matters:

- Election of members of the Management Board,
- Staffing matters of the Compliance Control Function,
- Staffing matters of the Internal Audit Function,
- The Company's organisational structure,
- Definition of key performance indicators (KPIs) for the Company's senior executives,
- Performance evaluation of the Chairperson, Management Board members, and employees reporting to the Board of Directors of Kcell JSC for 2023, based on KPIs).

Additionally, the Committee conducted work on reviewing candidates for membership on the Board of Directors of Kcell JSC.

### Internal Audit Committee

In 2024, the Committee held 6 in-person meetings in accordance with its approved agendas. A total of 33 matters were reviewed, and corresponding recommendations were submitted to the Company's Board of Directors.

Throughout the reporting period, the Committee addressed all matters falling within its remit. In particular, the Committee reviewed and provided recommendations on the following:

- Approval of quarterly risk management reports;
- Approval of the risk map and register, as well as the Company's risk appetite;
- Quarterly reports of the Internal Audit Function;
- Quarterly reviews of the Company's operating performance.

In addition, the Committee held four meetings with the external auditor during the year, covering the following topics:

- Review of the Company's financial performance for 2023;
- Review of the external auditor's report for the first half of 2024;
- Planning of the external audit of Kcell JSC for 2024.

The Chair of the Committee, Mr. S.E. Zhamalov, held regular meetings with members of the Management Board and staff of the Internal Audit Function to ensure ongoing oversight and effective coordination.

### Sustainable Development Committee

In 2024, the Committee held 2 in-person meetings in accordance with the approved agendas.

Two matters were reviewed, and relevant recommendations were submitted to the Company's Board of Directors.

The Committee reviewed and provided recommendations on reports submitted by the Company's Compliance Control Function.

In addition, Committee members regularly held meetings with members of the Management Board, the Head of the Compliance Control Function, and heads of the Company's structural units.

## MANAGEMENT BOARD

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

The Management Board of Kcell JSC is the Company's collegial executive body responsible for overseeing its day-to-day operations. The Company recognises the need for strong leadership, which is provided by the Chief Executive Officer, who also serves as the Chair of the Management Board.

In its activities, the Management Board is guided by the principles of legality, integrity, good faith, prudence,

consistency, professionalism, and objectivity. Its members fully respect the interests of shareholders and remain fully accountable to both the General Meeting of Shareholders and the Board of Directors.

In 2024, the Management Board held 83 meetings and adopted a total of 306 resolutions.

## Members of the Management Board

During 2024, the following changes occurred in the Management Board:

- On 10 July 2024, the powers of Azamat Dauletovich Uysumbaev, Chief Director for Corporate Affairs and member of the Management Board of Kcell JSC, were terminated ahead of schedule.
- On 15 July 2024, the powers of Askhat Arkhatovich Uzbekov, Chief Executive Officer and Chairman of the Management Board of Kcell JSC, were terminated ahead of schedule.
- On 5 August 2024, the powers of Damir Shamilievich Mullashev, Chief Financial Officer and member of the Management Board of Kcell JSC, were terminated ahead of schedule.
- On 1 October 2024, the powers of Kirill Valerievich Strashenko, Chief Technical Director and member of the Management Board of Kcell JSC, were terminated

upon the expiry of his employment contract, at his own initiative.

The following appointments were made by the Company's Board of Directors:

1. Askar Serikovich Zhambakin was appointed Chief Executive Officer and Chairman of the Management Board of Kcell JSC, effective 15 July 2024.
2. Sabigat Maratovich Rakhmetov was appointed Chief Financial Officer and member of the Management Board of Kcell JSC, effective 16 August 2024.
3. Dauren Mukhamedkalievich Shaikhin was appointed Chief Director for Corporate Affairs and member of the Management Board of Kcell JSC, effective 12 August 2024.

As of 31 December 2024, the Management Board consisted of six members: five men and one woman.

### MEMBERS OF THE MANAGEMENT BOARD AS OF 31 DECEMBER 2024

<b>Askar Serikovich Zhambakin</b>	Chairman of the Management Board, Chief Executive Officer
<b>Sabigat Maratovich Rakhmetov</b>	Member of the Management Board, Chief Financial Officer
<b>Olga Vyacheslavovna Tsoy</b>	member of the Management Board, Chief Commercial Officer
<b>Dauren Mukhamedkalievich Shaikhin</b>	member of the Management Board, Chief Director for Corporate Affairs
<b>Daniyar Kadylkhanovich Ibrayev</b>	member of the Management Board, Chief Security Officer
<b>Malik Alimzhanovich Amardinov</b>	member of the Management Board, Chief Director for Digital Development



## BIOGRAPHIES OF THE MEMBERS OF THE MANAGEMENT BOARD



▶ **ASKAR  
SERIKOVICH  
ZHAMBAKIN**

**Chairman of the Management Board, Chief Executive Officer**

**Date of birth:** 19 October 1985  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

Mr Zhambakin was appointed Chief Executive Officer and Chairman of the Management Board of Kcell JSC on 15 July 2024.

He holds a degree in Multichannel Telecommunications Systems from the Almaty Institute of Energy and Communications, a Master's degree in Management and Information Systems from the University of Manchester, and a diploma in Organisational Leadership from Saïd Business School, University of Oxford.

Mr Zhambakin began his career as a communications technician at Air Kazakhstan and later worked as an engineer at Mobile Telecom-Service LLP (Tele2/Altel). He held various roles at HSBC Bank Kazakhstan, focusing on strategy and business process transformation. He performed similar functions at Beintech LLP, a subsidiary of BI Group, and led the Customer Experience Development Department at Qazkom JSC.

He also held senior positions at the Development Bank of Kazakhstan and served as Deputy Director of the Department for Management and Development of Payment Systems at the National Bank of Kazakhstan.

Prior to joining Kcell, he served as Vice Minister of Digital Development, Innovation and Aerospace, where he was responsible for the digital transformation of public administration, business process reengineering, and data governance.



▶ **SABIGAT  
MARATOVICH  
RAKHMETOV**

**Member of the Management Board, Chief Financial Officer**

**Date of birth:** 27 December 1988  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

Mr. Sabigat Rakhmetov was appointed Chief Financial Officer of Kcell JSC effective 16 August 2024.

He graduated with honours in Finance from the Kazakhstan Institute of Management, Economics and Forecasting (KIMEP).

Mr. Rakhmetov brings over 13 years of experience in finance and investment, mergers and acquisitions, financial and economic analysis, transaction structuring, and portfolio asset management, including international investment portfolio oversight.

He began his career at PricewaterhouseCoopers Tax & Advisory LLP (PwC) in 2011. He subsequently spent over six years at the Sovereign Wealth Fund Samruk-Kazyna JSC, rising to the position of Director of the Department for Investment and Business Support.

Prior to joining Kcell, from 2022 he served as Director of the Investment and Strategy Group at KazMunayGas International N.V. in Bucharest, Romania.



▶ **OLGA  
VYACHESLAVOVNA  
TSOY**

**Member of the Management Board, Chief Commercial Officer**

**Date of birth:** 26 November 1982  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

Ms. Tsoy holds a higher education degree and an MBA from KIMEP University. She has 17 years of experience in the commercial sector across a range of industries, including 13 years in leadership roles: 3 years in FMCG and retail, 8 years in telecommunications, 3 years in consulting (FinTech and InsureTech), and 3 years in the banking sector. In 2023, she was appointed Director of the Retail Business Department at Kcell JSC.



▶ **DAUREN  
MUKHAMEDKALIEVICH  
SHAIKHIN**

**Member of the Management Board, Chief Director for Corporate Affairs**

**Date of birth:** 31 July 1986  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

In 2016, Mr. Shaikhin earned a Master's degree from the Kazakhstan North British Technical University and later received an MBA from the Booth School of Business at the University of Chicago.

He has over 15 years of experience across financial markets, corporate finance, risk management, operations, and procurement. Throughout his career, he has successfully developed and implemented corporate strategies, enhanced financial portfolios, and optimised operational processes, contributing to business growth and profitability.

Mr. Shaikhin began his professional journey in 2008 as a lead broker in Kazakhstan's securities market at Eurasian Capital JSC. In 2018, he served as Deputy Financial Director at Kcell JSC. Since 2023, he has held the senior position of Deputy Chairman of the Management Board at Republican Center of Space Communication JSC in Astana, Kazakhstan).



▶ **DANIYAR  
KADYLKHANOVICH  
IBRAYEV**

**Member of the Management Board, Chief Security Office**

**Date of birth:** 14 July 1979  
**Nationality:** Republic of Kazakhstan  
**Shareholding in the Company:** None

Mr. Ibrayev was appointed Chief Security Officer and member of the Management Board of Kcell JSC on 23 June 2022.

He graduated in 2000 from the Military Institute of the National Security Committee of the Republic of Kazakhstan (now the Border Service Academy of the NSC) with a degree in Telecommunications Engineering. In 2007, he earned a Bachelor of Law degree from Kazakh Humanitarian and Law University in Nur-Sultan. Mr. Ibrayev joined Kcell JSC in 2020, where he served as Advisor to the Strategic Development Department and Chief Expert of the Security Department. Prior to that, he held various positions at the Single Accumulation Pension Fund JSC and previously worked in government agencies.



**MALIK  
ALIMZHANOVICH  
AMARDINOV**

#### Member of the Management Board, Chief Director for Digital Development

**Date of birth:** 27 October 1986

**Nationality:** Republic of Kazakhstan

**Shareholding in the Company:** None

Mr. Amardinov was appointed Chief Director for Digital Development and member of the Management Board of Kcell JSC on 15 September 2022.

He holds two higher education degrees. In 2008, he graduated from the Banking Academy of Alatau Kazakhstan University with a degree in Finance. In 2016, he earned a degree in Computer Engineering and Software from Kazakhstan Engineering and Technology University. Mr. Amardinov has 16 years of experience in the IT sector, including 12 years in senior leadership roles within the banking industry. Prior to joining Kcell, he served as Executive Director and Chief IT Architect at ForteBank, where he successfully led the bank's IT development and coordinated over 10 project teams.

## REMUNERATIONS

The total remuneration paid to members of the executive body in 2024 amounted to KZT 568,576,737 (before taxes). This amount includes salaries and annual performance-based bonuses.

## COMPLIANCE WITH LEGAL REQUIREMENTS

### GRI 2-27

Kcell JSC was involved in two antitrust investigations initiated during the reporting period.:

1. On 15 June 2022, the Almaty Department of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan initiated an investigation (Order No. 42-OD) under Part 1, Article 174 of the Entrepreneurial Code. The purpose of the investigation is to determine whether Kcell JSC engaged in conduct resulting in the maintenance of a monopolistically high price.
2. A second investigation was launched on 21 December 2023 (Order No. 38-OD) to assess whether Kcell JSC

participated in coordinated actions with competitors to establish and maintain pricing for telecommunications services during the period from May to July 2023.

If these violations are confirmed, Kcell JSC may face administrative liability in accordance with Part 3, Article 159 of the Code of Administrative Offences, which provides for a fine amounting to 5% of the revenue generated from monopolistic activity, as well as confiscation of the resulting unlawful income.

## COMPLIANCE CONTROL ACTIVITIES

### GRI 2-26

The Compliance Control function is focused on preventing business risks, resolving critical issues, and ensuring adherence to legal and ethical standards. Globally, the presence of a robust compliance system is regarded as an indicator of a company's responsible and transparent business conduct.

In the reporting year, the Compliance Control Service carried out the following activities:

- 60 compliance reviews of single-source procurement contracts to assess the reliability of counterparties. No compliance risks were identified.
- 17 compliance reviews of special-procedure procurements. No compliance risks were identified.
- 15 compliance checks of potential partners for Mobile Financial Services (MFS) product/service launches. No compliance risks were identified.
- 19 background checks of candidates for vacant positions at the CEO-1 and CEO-2 levels to assess affiliation risks and potential conflicts of interest.
- Monthly screening and monitoring of counterparties from the Russian Federation against international sanctions lists – 61 counterparties were reviewed.
- Expert opinions were provided on materials submitted for review, including those presented to the Management Board and the Board of Directors.
- As part of the 2024 Compliance Work Plan, a company-wide anonymous employee survey was conducted via Forms.Office on compliance-related topics, including anti-corruption, conflict of interest prevention, ethics, and integrity standards.

Kcell JSC's ultimate controlling shareholder, Samruk-Kazyna JSC, operates a dedicated whistleblowing hotline through which any individual may report violations of law within Samruk-Kazyna or its subsidiaries. The hotline ensures confidentiality and anonymity (at the request of the reporting party) and guarantees that all reports are recorded, reviewed, and forwarded to the appropriate personnel for further action. Contact information for the Samruk-Kazyna hotline and Kcell's Compliance Service is published on both the internal and corporate websites. Individuals can use these channels to report suspected labour violations, corruption, or other misconduct.

The process for receiving and handling reports of unethical or unlawful behaviour is governed by Kcell JSC's Internal Misconduct Reporting Procedure. Under this policy, the Company guarantees full confidentiality to employees, business partners, and other stakeholders who raise serious concerns. The policy also ensures protection from retaliation or discrimination for whistleblowers.

In 2024, 15 reports were submitted through the hotline, of which 6 were confirmed.

The main issues raised included:

- Violations of procurement procedures;
- Breaches of corporate ethics;
- Abuse of official authority;
- Infringement of employee labour rights.

Each report received by the Compliance Service is documented in a quarterly report submitted to the Board of Directors. No critical issues were identified in 2024.



# ANTI-CORRUPTION COMPLIANCE

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

Kcell JSC has implemented a set of internal policies and procedures to support its anti-corruption compliance efforts. These include:

- Corporate Compliance Standard of the Samruk-Kazyna JSC Group;
- Regulation on the Compliance Control Service at Kcell JSC;
- Code of Ethics and Conduct of Kcell JSC;
- Anti-Corruption Policy of Kcell JSC;
- Conflict of Interest Management Policy of Kcell JSC;
- Internal Misconduct Reporting Procedure of Kcell JSC.

In 2024, as part of the regular update of compliance-related internal documents, the Internal Misconduct Reporting Procedure was revised to reflect the current requirements of both the Company and the Fund. Updates included the addition, consolidation, and clarification of guarantees provided to whistleblowers, as follows:

- 1) Full confidentiality for employees, business partners, and other stakeholders who report misconduct or violations;
- 2) Protection against retaliation or discrimination for individuals who report concerns;
- 3) Any act of retaliation or discrimination against whistleblowers will be treated as a disciplinary offense subject to appropriate action;
- 4) A zero-tolerance approach toward concealing evidence of misconduct;
- 5) Disciplinary measures will be taken against individuals who destroy or hide evidence of wrongdoing;
- 6) In some cases, anonymous reports may not be reviewed without additional information or follow-up from the reporting party. However, the Company will ensure the highest level of confidentiality possible;
- 7) Any employee who knowingly submits false or malicious reports for personal gain forfeits protection and may be subject to disciplinary action. All employees are expected to understand the consequences of violating this procedure.

The current numbers of the Fund's hotline have also been added to the Instructions.

Requests can be provided through the following communication channels:

- by phone number 8 800 080 47. (within the RK territory a call is free);
- by e-mail mail@sk-hotline.kz;
- through an online-portal www.sk-hotline.kz;
- via WhatsApp Messenger by number: +7 771 191 8816.

The Job Descriptions of employees, developed in accordance with the Corporate Standard for the Compliance-function of Samruk-Kazyna JSC Group and other regulatory documents, were added in the form of appendix to the Regulations on the Compliance Control Service at Kcell JSC.

The main areas of work of the Compliance Service in the field of anti-corruption in 2024 were:

- Anti-corruption policy;
- Ethics and behavior in Company;
- Responsible purchases;
- Human rights;
- Conflict of interest management;
- Control in the field of compliance risk management.

The principles and procedures for combating corruption are outlined in Kcell JSC's Anti-Corruption Policy. The purpose of the Policy is to minimise the risk of the Company's officers and employees – regardless of their position – being involved in corrupt practices. The key objectives of the Policy include:

- Promoting a clear understanding among officers and employees of the Company's zero-tolerance approach to all forms of corruption;
- Consolidating and clarifying the core requirements of Kazakhstan's anti-corruption legislation as it applies to the Company and its staff;
- Establishing the obligation of all officers and employees to understand and comply with the principles and requirements of anti-corruption laws, the Anti-Corruption Policy itself, and to carry out appropriate preventative procedures;

- Developing and implementing effective anti-corruption measures aimed at preventing, detecting, and mitigating the consequences of corrupt activities.

Kcell JSC's approach to anti-corruption is based on the following core principles:

- Compliance with the law in all Company activities;
- Transparency and openness in the Company's operations;
- Raising awareness among employees, partners, and clients about anti-corruption practices;
- Cooperation with public authorities, business partners, and clients in preventing corruption;
- Mandatory internal investigations into any alleged violations of anti-corruption legislation or internal Company policies.

In line with the provisions of the Company's Anti-Corruption Policy, Kcell JSC conducts annual identification and assessment of corruption risks, followed by the development of targeted mitigation measures. The objective is to detect business areas and processes most vulnerable to violations of anti-corruption laws, whether for personal gain or to benefit the Company.

In 2024, the Company conducted an internal analysis of corruption risks for the 2023 period, covering six departments and 14 business processes. As a result, nine corruption risks were identified, and 11 recommendations were developed to address and mitigate these risks.

## CONFLICT OF INTEREST MANAGEMENT

GRI 2-15

The principles and procedures for managing conflicts of interest at Kcell JSC are defined in the Conflict of Interest Policy, approved by the Company's Board of Directors on 5 August 2022.

The Company takes all necessary measures to prevent conflicts of interest and to identify circumstances that may give rise to such situations. The Corporate Secretary and the Head of the Compliance Service are authorised to request information and clarifications from members of the Board of Directors, the Management Board, and employees in connection with violations of shareholder rights or situations that could lead to a conflict of interest.

If a conflict of interest cannot be resolved at the department level, the head of the relevant structural unit must, within one business day, notify the Chair of the Management

Further to the internal corruption risk assessment, the Company developed and approved an Action Plan to eliminate the root causes and conditions contributing to potential corruption offences.

In November–December 2024, the Company underwent an independent certification audit and successfully confirmed the implementation of its Anti-Corruption Management System in accordance with the requirements of ST RK ISO 37001. In December 2024, the Company was awarded a state-recognised certificate of compliance with ST RK ISO 37001–2017 (ISO 37001:2016). The Compliance Service was responsible for the implementation of this system.

As of the end of the reporting period, no confirmed cases of corruption or bribery were recorded within the Company.

The Company conducts regular anti-corruption training for employees. All new hires are required to complete an introductory online course on the core principles of the Kcell Code of Ethics and Conduct and the Kcell Anti-Corruption Policy.

In 2024, the Company held nine anti-corruption training sessions, reaching 1,812 employees (83% coverage), including 28 senior executives (6 members of the Management Board and 22 executives at the CEO-1 and CEO-2 levels), 511 mid-level managers, and 1,273 specialists.

Board and the Head of the Compliance Service, providing details of the conflict, its causes, and any measures taken or proposed to address it.

The head of the relevant department, in coordination with the responsible employee from the Human Resources Department, determines the procedure for resolving conflicts of interest involving Company employees.

If necessary, the Chair of the Management Board may establish a working group to resolve a conflict of interest. This group may include representatives from the Compliance Service, Human Resources, Legal Department, the relevant business unit, and other appropriate stakeholders. Its composition is carefully selected to ensure impartiality and to avoid any secondary conflicts that could influence its decisions.



The Conflict of Interest Policy outlines several ways to manage and resolve conflicts of interest, including:

- Recusing the employee from any decisions that may be affected by the conflict;
- Restricting the employee's access to sensitive or relevant information;
- Transferring the employee to a different role (with their consent) that eliminates the conflict, in line with national labour laws;
- Revising the employee's duties or job responsibilities;

- Terminating the employee's role, if required, under applicable law;
- Removing the source of the conflict (e.g., personal interest);
- Taking other appropriate steps to prevent or resolve the conflict.

In 2024, 649 employees completed the conflict of interest declaration form, and 37 employees disclosed potential conflicts. All cases were reviewed and addressed accordingly.

## RELATED PARTY TRANSACTIONS

During the reporting year, the Company sold goods and services to related parties totaling KZT 13.9 billion and purchased goods and services from related parties totaling KZT 31.6 billion. Transactions with related parties included

consulting services, technical and operational support, lease of communication channels, roaming services, and interconnection services.

### RELATED PARTY TRANSACTIONS OF KCELL JSC IN 2024, KZT million

	Goods sold and service provided	Goods and services purchased
Organizations of Samruk-Kazyna group	585	676
Organizations of Kazakhtelecom group	12,642	30,389
Government authorities	667	552
Total	13,894	31,617



## INTERNAL AUDIT

The Internal Audit Service (IAS) is a governance body of Kcell JSC responsible for organizing and conducting internal audits within the Company. The IAS reports directly to the Board of Directors and is overseen by the Board's Internal Audit Committee. Its operations are carried out in accordance with the Regulations on the Internal Audit Service and the Annual Audit Plan, both approved by the Board of Directors.

The mission of the IAS is to support the Board of Directors and the Management Board in fulfilling their responsibilities and achieving Kcell JSC's strategic goals. In its activities, the IAS adheres to the principles of integrity, objectivity, confidentiality, and professional competence, as defined by the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

The primary objective of the IAS is to provide the Board of Directors with independent and objective assurance and advisory services aimed at enhancing the effectiveness of risk management, internal control, and corporate governance systems.

The key responsibilities of the IAS include:

- assessing the reliability and effectiveness of the Company's internal control system;
- evaluating the maturity and improvement of corporate governance processes;
- reviewing the efficiency and effectiveness of resource utilisation and methods used to safeguard the Company's assets;
- assessing the accuracy, completeness, and objectivity of the accounting system, as well as the reliability of financial reporting;
- evaluating the Company's compliance with the laws of the Republic of Kazakhstan, and the adequacy of systems and procedures established to ensure such compliance;
- assessing fraud risk and the effectiveness of anti-fraud risk management.

Based on the results of its audits, the IAS provides relevant recommendations, including proposals for improving the existing internal control and risk management systems, operational processes, and governance principles. The IAS also offers commentary on any matters within its remit.

## EXTERNAL AUDIT

To ensure an independent assessment of the reliability of financial statements prepared in accordance with IFRS, the Company annually engages an external auditor, approved by the General Meeting of Shareholders. The selection of the audit firm is carried out in accordance with the Rules for Selecting an Audit Organization established by Samruk-Kazyna JSC and applies to entities in which Samruk-Kazyna JSC directly or indirectly owns 50% or more of voting shares (interests), either through ownership or trust management. In selecting the auditor, the Company adheres to the following core principles:

- independence and transparency of the selection process;
- absence of conflicts of interest;
- quality of the proposed audit services.

Pursuant to the resolution of the Extraordinary General Meeting of Shareholders held on 13 December 2022, Ernst & Young LLP was appointed as the auditor of the Company's financial statements for the years 2022–2024. In 2024, Ernst & Young LLP did not provide audit or non-audit services to the Company's subsidiary, Kaznet Media LLP.

During the year, Kcell JSC paid Ernst & Young LLP a total of 116,231,010 tenge (inclusive of VAT) for audit services. No non-audit services were rendered to the Company by Ernst & Young LLP in 2024.

# 06

## RISK MANAGEMENT AND INTERNAL CONTROL

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Description of Key Risks of Kcell JSC  
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## RISK MANAGEMENT SYSTEM

Kcell JSC's Corporate Risk Management System (CRMS) is an integral part of the Company's operations, designed to identify, assess, and monitor all significant risks, as well as implement measures to mitigate them.

The current risk management framework is aligned with international standards, including COSO ERM and ISO 31000, ensuring that risk oversight is systematic, comprehensive, and effective.

The primary internal document governing the Company's approach to risk is the Risk Management Policy of Kcell JSC. This policy defines the purpose, objectives, and vision of the CRMS, outlines the key principles and structure of the risk management process, and establishes a consistent methodology for its implementation across the organization.

The Board of Directors holds overall responsibility for the Company's risk governance and reports to shareholders on matters related to risk management. The CRMS is designed to provide reasonable assurance of achieving the following objectives:

- Strategic goals – supporting long-term value creation and sustainability;
- Operational goals – ensuring efficient and effective day-to-day operations;
- Reporting goals – producing reliable and timely internal and external reporting;
- Compliance goals – adhering to applicable laws, regulations, and internal policies.

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:

1. management and culture;
2. strategy and goal setting;
3. performance;
4. monitoring and implementation of changes;
5. information, communication and reporting.

The organization structure of the Company's 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 Unit of the Company; and
- Business units, employees of the Company and risk coordinators.

## RISK MAP

The Company conducts an annual risk identification process, the results of which are reflected in the Risk Register and Risk Map, both approved by the Board of Directors. The Risk Register includes risks that may impact the achievement of the Company's long-term strategic goals and the key performance indicators set out in the Development Plan.

In 2024, according to the Company's Risk Register and Risk Map, a total of 31 risks were identified: 1 risk in the critical red zone, 8 risks in the high orange zone, 17 risks in the medium yellow zone, and 5 risks in the low green zone:

### KCELL JSC RISK MAP IN 2024

IMPACT	Irretrievable	3	4	1		
	Material / critical		1			
	Medium / strong		6			
	Low / noticeable		3		2	
	Insignificant	1	4	3	3	
		Very occasionally	On rare occasions	Sometimes	Often	Very often
		PROBABILITY				

## DESCRIPTION OF KEY RISKS OF KCELL JSC

The Risk Management Unit conducts ongoing monitoring of the dynamics of key risks and oversees the implementation of mitigation measures. Monitoring results are submitted quarterly to the Company's Board of Directors in the form of risk management reports. The Company's key risks include:

**Strategic Risk** is defined as the potential for losses resulting from changes in, or errors in defining and implementing, the Company's business strategy and development plans, as well as from shifts in the political or regional environment, market volatility, or consumer behavior. Risk factors also include intensifying price competition driven by actions of other mobile operators or new legislation. The Company seeks to mitigate these risks by maintaining strong regional market leadership and launching competitive tariffs and products to grow its market share in Kazakhstan.

**Operational Risk** refers to the potential for losses due to shortcomings or failures in internal processes, supply chain disruptions, staffing challenges, corporate culture, or governance practices. Most of these risks are assessed as low and are addressed through standard risk management procedures already in place. An exception is the area of information systems and technologies, which the Company classifies as high risk. Safeguarding customer confidentiality and ensuring robust data management are vital to the Company's service offering. Any data breach could result in serious short- and long-term consequences for the business. In response, the Company's networks are protected by advanced information security systems and comprehensive measures designed to reduce the risk of cyberattacks.

**Financial Risks.** The Company is exposed to various financial risks arising from multiple sources, including price volatility, interest rate fluctuations, exchange rate movements, and other macro- and microeconomic factors. The risk management system is designed to minimize the potential adverse impact of these fluctuations on the Company's operations and financial performance.

**Foreign Exchange Risk.** The Company's foreign exchange risk primarily stems from fluctuations in the exchange rate of the Kazakhstani tenge against the US dollar. Although profit is less sensitive to currency fluctuations, certain revenues – such as those from roaming services – are denominated in US dollars. Additionally, the majority of equipment, installations, and inventories are purchased in this currency. The Company does not use derivative financial instruments to hedge its currency risk. Instead, it applies a "natural" hedging approach by aligning assets and liabilities denominated in foreign currencies where economically practical and feasible.

**Liquidity risk** may arise when the Company is unable to access sufficient funds in a timely manner to meet its financial obligations. This could result from a shortage of liquid assets, the inability to dispose of assets on favourable terms, or challenges in securing additional short-term financing.

As part of its liquidity risk management strategy, the Company ensures operational liquidity at minimal cost and risk through the following measures:

- Developing and regularly updating liquidity management plans that outline strategic approaches and tools to ensure timely access to financial resources;

- Diversifying funding sources to minimise reliance on any single lender or mechanism and reduce overall liquidity risk;
- Proactively managing receivables and payables to improve cash flow efficiency and optimise the working capital cycle.

Effective liquidity risk management enables the Company to avoid potential financial disruptions and maintain operational resilience amid volatile financial market conditions.

**Regulatory Risks** arise from changes in the regulatory environment in which the Company operates, including legislative amendments, shifts in the regulation of natural monopolies, and government-imposed restrictions (e.g. sanctions, anti-dumping regulations, and changes in tax policy). Managing regulatory risk involves a set of proactive measures to minimize potential adverse impacts, including: identifying and analyzing relevant regulatory requirements; developing and implementing risk mitigation strategies; updating internal procedures and policies accordingly; responding promptly to legislative changes.

Effective regulatory risk management requires continuous monitoring and analysis, the ability to adapt quickly to new legal requirements, and close collaboration across all levels of the Company and with shareholders to ensure compliance and adherence to all applicable standards and regulations.

## INTERNAL CONTROL SYSTEM

Kcell JSC has implemented an Internal Control Policy that defines the objectives, tasks, and structure of the Company's internal control system (ICS), as well as the key principles for its operation. Based on this policy, the Company has also developed Internal Control System Management Rules, which outline the main objectives, responsibilities, and areas of accountability for the ICS. These rules were developed in accordance with the COSO framework and other international best practices in risk and internal control management.

The internal control model at Kcell JSC consists of five interrelated components: Control environment, Risk assessment, Control activities, Information and communication, and Monitoring. These five components are illustrated in Figure 1. For the internal control system to be effective, all components must be clearly defined and consistently applied across the Company's operations.

As part of the Company's internal control system, the responsible structural unit oversees the development and, when necessary, the updating of the business process classifier, the identification of key business processes, and the documentation of control procedures. This is followed by the identification of process-level risks, the development of appropriate control procedures to address those risks, and the evaluation of both the design and operational effectiveness of the controls through testing.

Annual testing plans for the effectiveness of control procedures are approved by the responsible structural unit. Kcell JSC has developed risk and control matrices covering areas such as inventory accounting, tax accounting, incoming and outgoing payments, and procurement, along with a dedicated action plan for the internal control system.



# 07

## PERSONNEL MANAGEMENT

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# HR POLICY AND LABOUR RELATIONS PRACTICES

GRI 401-1, GRI 402-1

Kcell JSC's HR policy is centred on building and nurturing a high-performing team of professionals. As one of Kazakhstan's leading telecommunications companies,

Kcell is also regarded as an attractive employer – for both young specialists and experienced professionals alike.

## KEY PRINCIPLES OF KCELL'S HR POLICY

Principle	Description
 <p><b>MERITOCRACY</b></p>	Career advancement is based on performance and proven ability to deliver results within the Company.
 <p><b>EFFECTIVE RECRUITMENT</b></p>	Selection of top candidates through comprehensive testing, in-depth evaluation of experience, and competency-based assessments.
 <p><b>STRATEGIC WORKFORCE PLANNING</b></p>	HR policy reflects current and anticipated business needs, as well as labour market dynamics.
 <p><b>FOCUS ON PROFESSIONAL DEVELOPMENT</b></p>	Staff development follows the 70:20:10 principle: 70% through hands-on experience, 20% from peer learning, and 10% via formal training.
 <p><b>INTEGRATION OF HR AND BUSINESS FUNCTIONS</b></p>	The HR department operates in real time to address the needs of business units, both in recruitment and in upskilling existing employees.

The Company maintains its employment practices in strict compliance with the labour laws of the Republic of Kazakhstan. Kcell upholds a zero-tolerance policy toward discrimination in the exercise of labour rights on any grounds, including origin, social or official status, property status, gender, race, nationality, language, religion, beliefs, place of residence, age, physical disability, affiliation with public associations, or any other circumstances. The Company strictly prohibits child labour and forced labour.

- Expiry of a fixed-term employment contract: notification on the last working day (or shift);
- Failure to pass the probation period: notice provided during the probation period;
- Changes in working conditions: minimum of 15 calendar days' notice;
- Changes to employment contract terms: within five working days.

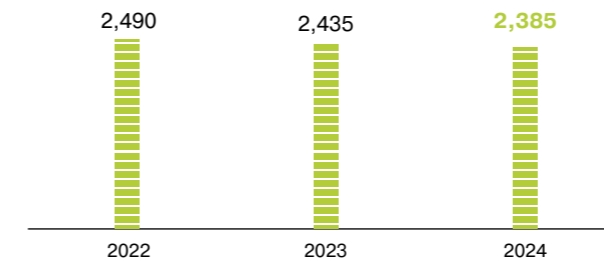
Kcell ensures compliance with notification periods as stipulated by Kazakh labour legislation governing employment relations, including:

- Termination due to staff redundancy: at least one month's notice to the employee and the authorised state body;

# STAFF COMPOSITION

GRI 2-7, GRI 401-1

## HEADCOUNT AS OF YEAR-END

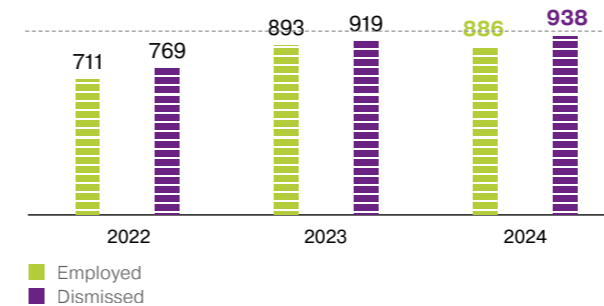


As of the end of 2024, Kcell JSC employed 2,385 people, including 2,243 permanent and 142 temporary staff. The Company's employment level remains stable and aligned with its strategic business needs.

The majority of employees hold permanent positions, reflecting the Company's long-term commitment to human capital development.

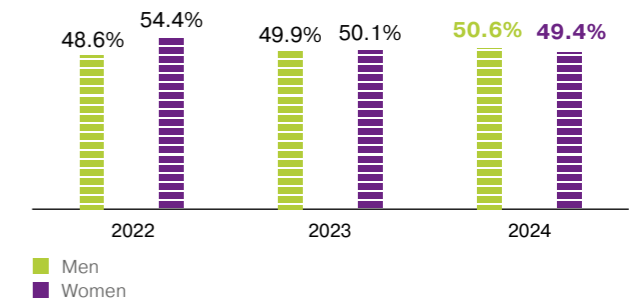
Temporary staff are primarily engaged to cover for employees on social leave (such as maternity or parental leave), which helps maintain operational continuity without unnecessary headcount growth.

## STAFF TURNOVER



In 2024, employment contracts with 938 employees were terminated, while 886 new employees were hired. The staff turnover rate for the year stood at 39%.

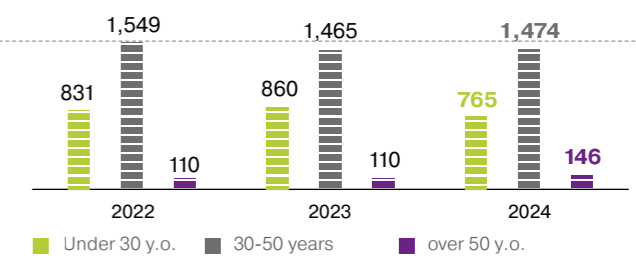
## GENDER COMPOSITION



Kcell JSC remains firmly committed to gender equality and inclusivity in its workforce. As of the end of 2024, women made up 49.4% of employees (1,177 individuals), while men accounted for 50.6% (1,208 individuals).

This near-equal gender distribution aligns with best practices in corporate governance and sustainability standards. Maintaining gender balance contributes to a fair and inclusive work environment, strengthens corporate culture, and enhances team performance.

## AGE COMPOSITION



By year-end 2024, the Company employed 765 individuals under the age of 30, 1,474 between the ages of 30 and 50, and 146 employees over the age of 50. The number of employees in the senior age group remained unchanged throughout the year.

# COMPENSATION, PERFORMANCE EVALUATION AND EMPLOYEE INCENTIVES

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

Годовой фонд оплаты труда Компании (включая премии и бонусы) составил в 2024 году 19,7 млрд тенге (2023 год – 19,7 млрд, 2022 год – 16,7 млрд).

In 2024, Kcell’s total annual payroll – including bonuses and incentive payments – amounted to KZT 19.7 billion (2023: KZT 19.7 billion; 2022: KZT 16.7 billion).

In 2024, the median monthly salary at Kcell JSC was KZT 671,300 for female employees and KZT 870,200 for male

employees. The 22.9 % gap is due to differences in the professional structure: women are predominantly employed in administrative and service roles (64 %), while men are more often engaged in technical and engineering positions. At the same time, the Company places great emphasis on ensuring equal opportunities and continues its efforts to expand the participation of women across all professional areas, including technical and managerial positions.

AVERAGE MONTHLY SALARY OF MALE/FEMALE EMPLOYEES, KZT thousand/month

	2022	2023	2024
Female employees	556.0	658.1	671.3
Male employees	719.7	868.9	870.2

Kcell’s remuneration and incentive system is based on the following core principles:

- Internal equity: pay is determined based on job grade; External competitiveness: compensation levels are benchmarked against the relevant labour market;
- Transparency
- Performance linkage: employee compensation is tied to both Company-wide and individual achievement of set goals and objectives, and aligned with Kcell’s financial capacity;
- Inclusivity: remuneration decisions are free from discrimination based on gender, race, nationality, religion, age, political beliefs, or any other characteristic.

The Company applies several types of incentive-based compensation:

- Annual bonus
- Functional performance bonus
- Project-based bonus
- One-time discretionary bonus
- Additional performance bonus for exceeding planned targets in Revenue and EBITDA Margin

Key performance indicators used to determine employee bonuses and incentives include:

- Achievement of the Company’s corporate financial targets
- Fulfilment of individual goals and objectives
- Adherence to workplace discipline.

Annual bonuses, functional performance bonuses, project-based bonuses, and additional performance incentives

for exceeding Revenue and EBITDA Margin targets are governed by internal Company policies. One-time bonuses are awarded on a discretionary basis, subject to approval by the Management Board.

As part of ongoing efforts to improve employee loyalty (eNPS) and working conditions, the Company continued implementing its action plan in 2024, which included the following initiatives:

- Hosting a variety of corporate events, including team-building activities, contests, and quizzes
- Launching a staff equipment purchase program in partnership with Samsung
- Enhancing the incentive program for employees performing dual roles
- Introducing “Free Fridays” and Creative Days
- Revamping the internal training platform, “Corporate University”.

In 2024, the Company also launched an employee recognition program. This includes awards for outstanding individual and team contributions, with winners receiving certificates and valuable prizes in recognition of their professional achievements. Beyond job performance, the program also features an ESG Leader category. This award celebrates employees who actively contribute to socially significant ESG projects. The initiative not only strengthens employee motivation but also promotes the development of impactful ESG activities across the Company.

# EMPLOYEE SOCIAL PROTECTION

GRI 401-2, GRI 401-3

The Company provides its employees with a comprehensive benefits package that includes regular assistance and support, as well as one-time financial aid in unforeseen or difficult life situations.

Key forms of assistance include:

- One-time financial support in the event of the death of an employee or their immediate family member
- One-time financial assistance to employees raising children with disabilities

- One-time financial assistance to employees with disabilities
- Financial support for minor children of deceased Company employees
- For female employees with more than three years of service, the Company offers a maternity benefit in addition to the standard government allowance during maternity leave.

## EMPLOYEE BENEFITS PACKAGE AT KCELL JSC

Type of Benefit	Applicable Circumstances	Eligibility Requirements
<b>Financial Assistance</b>	In the event of the death of an employee’s close relative	After completion of probation period
	In the event of an employee’s death	
	To employees with disabilities	
	To employees raising children with disabilities	
	работникам, имеющим на воспитании детей-инвалидов	
<b>Sick Leave</b>	Up to 10 working days per year compensated at 80% of the base salary	
<b>Transportation</b>	Shuttle service for employees working night shifts (11:00 PM to 6:00 AM)	
	Shuttle service for employees working outside city limits	
<b>Medical Insurance</b>	Annual limit of up to 220,000 tenge	After completion of probation period
<b>Mobile Services</b>	Corporate plan or mobile service reimbursement, depending on role and project	
<b>Fuel</b>	Fuel card for employees who use a personal vehicle for work-related travel	
<b>Taxi Reimbursement</b>	For employees without a personal vehicle engaged in work-related travel	

In 2024, the total amount of financial assistance provided by the Company reached 156,482 thousand tenge, benefitting 130 employees.

**FINANCIAL ASSISTANCE PAYMENTS IN 2024**

	Amount (KZT thousand)	Number of Recipients
Assistance due to the death of a close relative	16,813	47
Assistance for employees with disabilities	26,344	21
Assistance for employees raising children with disabilities	56,000	41
Assistance for medical treatment	29,730	2
Assistance for hospitalisation and/or surgery	26,345	18
Financial assistance for major repairs or complete restoration of housing	1,250	1
<b>Total</b>	<b>156,482</b>	<b>130</b>

The Company employs 21 individuals with disabilities and 41 employees raising children with disabilities. Each year, employees in these categories receive financial assistance, which in 2024 totaled KZT 112,073,686 (including taxes and other mandatory payments). To protect motherhood and childhood, the Company pays the difference in maternity benefits to employees who have been with the Company for more than three years (maintaining their average salary minus

the amount of the social allowance for loss of income due to pregnancy and childbirth or the adoption of a newborn child (children), in accordance with the legislation of the Republic of Kazakhstan on mandatory social insurance). The total amount of maternity-related benefits in 2024 amounted to KZT 11.3 million (compared to KZT 15.8 million in 2023 and KZT 13.1 million in 2022).

## STAFF DEVELOPMENT

**GRI 404-1, GRI 404-2**

Continuous professional growth is key to the Company's success. Employees receive both internal and external training.

In 2024, external training expenses totaled 68,248,417.50 tenge. In-person external training – including mandatory programs on occupational safety, fire and electrical safety – was completed by 4,769 employees, with an average of 7 training hours per person. Additionally, 2,483 employees completed courses on online platforms (Eduson, iSpring, GoPractice), averaging 8 hours per person.

Internal training is delivered through the Kcell Corporate University. In 2024, 128 internal training sessions and webinars were held, with over 2,300 participants. More than 90% of employees rated the sessions positively.

In 2024, Kcell developed and implemented an online onboarding program covering key topics essential for the integration of new employees. This initiative streamlined

the onboarding process by providing newcomers with important company information during their first days on the job.

To support the adaptation of new managers and strengthen leadership potential, Kcell also launched an internal corporate training program – Manager PRO. The program enhances leadership competencies, deepens understanding of core business processes, and boosts personal effectiveness, helping new leaders integrate more successfully. In 2024, 27 company managers completed the program. It is now conducted on a regular basis. Beyond leadership training, the program also fosters employee engagement and the development of internal trainers. Company experts participate as in-house trainers and speakers, building their coaching skills while contributing to organizational growth.

More broadly, the Company is actively developing a network of internal training partners from among its employees – a step that supports stronger engagement and nurtures corporate culture.

**CORPORATE TRAINING IS DELIVERED THROUGH THE KCELL CORPORATE UNIVERSITY PLATFORM**

<b>Onboarding program</b>	<ul style="list-style-type: none"> <li>Welcome</li> <li>Customer-centricity and NPS</li> <li>Workflow management and internal service of the Company</li> <li>Responsible Business. Ethical Standards of the Company</li> <li>Internal Control System</li> <li>Basics of Mobile Communications</li> <li>Sales training</li> </ul>
<b>Basic sales skills</b>	<ul style="list-style-type: none"> <li>Customer-focused service</li> <li>On the same wavelength as the client</li> <li>Dealing with objections</li> <li>Standards and sales</li> <li>7 UP sales training</li> <li>Do not harm yourself, the company and the customer</li> <li>Introductory course on cash functionality</li> <li>Introduction to the group 'Virtual Monitoring'</li> <li>Emotional intelligence in communication with customers</li> </ul>
<b>Soft-skill trainings</b>	<ul style="list-style-type: none"> <li>Stress resistance skills</li> <li>Time management</li> <li>Emotional competence</li> <li>Super memory</li> <li>Speak beautifully and confidently</li> <li>Interviewing skills</li> </ul>
<b>Other:</b>	<ul style="list-style-type: none"> <li>HR Management Skills</li> <li>5 Coaching Techniques: how to train two times faster</li> <li>Customer-centricity and Company Performance</li> <li>Service standards in telephone communications</li> <li>School of Leaders</li> <li>School of Mentors</li> <li>School of Managers</li> <li>School of Coaches</li> <li>Accounting</li> <li>SQL Basics</li> <li>Power Query</li> <li>Project Life cycle and Capital Investment Management</li> <li>Training in working with an Electronic Archive</li> </ul>

# OCCUPATIONAL SAFETY AND HEALTH

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

At Kcell, occupational health and safety are top priorities. The Company takes a systematic approach to creating a safe working environment and ensuring the safety of all operational processes. Our key goals include preventing workplace accidents, minimizing risks, and maintaining safe working conditions for all employees.

Kcell has obtained and successfully implemented the international standard ISO 45001:2018 (Occupational Health and Safety Management System). This certification confirms that our occupational health and safety practices meet international requirements. To ensure effective implementation and maintenance of the ISO 45001:2018 management system, our Occupational Health and Civil Protection team underwent specialized training on the standard, including risk-based internal auditing of management systems.

In 2024, our efforts were primarily focused on employee training, provision of personal protective equipment, promoting a culture of safety, and strengthening our readiness to respond to emergencies.

As part of the company's occupational health and safety initiatives, the following employee and management training programs were conducted:

- Occupational health and safety – 279 employees
- Electrical safety – 325 employees
- Industrial rope access – 362 employees
- Industrial safety – 234 employees
- First aid – 392 employees
- Fire safety minimum – 321 employees
- Road traffic regulations – 38 employees.

These programs not only enhanced employees' overall awareness but also helped reduce operational risks in daily activities.

The company also increased its procurement of personal protective equipment (PPE), ensuring employees are supplied with high-quality PPE in a timely and comprehensive manner to support safe working conditions.

To minimize the impact of emergencies and other incidents, emergency response drills and training sessions were held quarterly. Civil protection units were established



and trained, boosting the preparedness of departments to respond effectively to emergency situations.

Particular attention is given to ensuring fire safety at office premises and key infrastructure facilities. The following fire safety measures have been implemented across the Company's sites:

- 90 rooms are equipped with automatic gas-based fire suppression systems;
- 2 facilities are fitted with water-based suppression systems, smoke extraction, and air overpressure systems;
- 38 sites have automatic fire alarm systems;
- 67 mobile base stations are equipped with gas-based fire suppression systems;
- 64 diesel generator units have automatic fire alarm systems;
- All buildings and premises are equipped with primary fire extinguishing equipment.

The registration and investigation of work-related accidents are carried out in accordance with the Labour Code of the Republic of Kazakhstan and the Company's internal regulations.

The Company has implemented a "Health and Safety Card" program aimed at eliminating and/or controlling risks to employee health and life, preventing environmental

damage, and protecting Company property. This initiative plays a significant role in fostering employee engagement in occupational safety. At the end of 2024, a digital version of the Health and Safety Card was developed, significantly improving both ease of completion and accessibility.



# 08

## ENVIRONMENTAL RESPONSIBILITY

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### FOR YOUR PRESENT

# ENVIRONMENTAL PROTECTION POLICY

**GRI 307-1**

As part of the ICT industry, the Company contributes to building a sustainable society by offering services that help customers minimize their environmental impact, enhance operational efficiency, and reduce costs. We create value for our clients and society by striving to improve our environmental performance, promoting efficient resource use, and cutting expenses. The key environmental aspects of our operations include energy consumption, the reduction of greenhouse gas emissions, and waste management.

In the area of environmental protection, the Company adheres to the following principles:

- We apply a consistent and structured approach to managing environmental impact and resource efficiency, including risk assessment.
- We are committed to a precautionary approach to environmental management across all business units and throughout the value chain.
- We strive to develop, adopt, and promote environmentally friendly technologies and services across all business units and stages of the value chain.

- We regularly measure and monitor our environmental performance and disclose relevant information in an open, accurate, and timely manner.

The Company complies with all requirements set forth by the legislation of the Republic of Kazakhstan. We are committed to sustainable development by minimizing environmental impact and using natural resources responsibly. To reduce negative effects on the environment, the Company invests in upgrading autonomous systems and transitioning them to more eco-friendly energy sources (such as electricity). When installing base stations and equipment, we adhere to national environmental regulations, and during maintenance work, we prioritize the use of environmentally safe materials and technologies. The Company also organizes voluntary environmental campaigns and events. An environmental management system has been implemented in line with the international ISO 14001 standard.

# WATER CONSUMPTION

**GRI 303-1, GRI 303-5**

The Company's activities do not have a significant impact on water withdrawal; however, we are committed to using water responsibly. Water consumption is growing at a moderate pace, reflecting stable operational dynamics.

Water is not reused in the production processes related to the provision of telecommunications services. The Company uses water solely for sanitary and domestic purposes. All installed water metering devices are maintained in proper working condition

# RESOURCE CONSUMPTION

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

Calculations are based on the GHG Protocol using national emission factors of the Republic of Kazakhstan and international IPCC factors.

Electricity consumption has shown a significant increase – by 43.0% in 2023 and by 37.7% in 2024. This may be

attributed to expanded accounting coverage, an increase in the number of technical facilities, as well as the adoption of a more accurate data collection method. In contrast, heat consumption decreased by 35.3% in 2024, possibly due to a shift toward electric heating or the implementation of other energy efficiency measures.

Indicator	2022	2023	2024
Electricity, kWh	185,000,000	264,500,000	<b>364,324,437</b>
Heat energy, Gcal	3,843	3,735	<b>2,415</b>
Gasoline, tons	224	233.99	<b>245</b>
Diesel, tons	109	108.38	<b>108</b>
Water consumption, m <sup>3</sup>	39,473	43,106	<b>44,049</b>

# AIR POLLUTANT EMISSIONS

**GRI 305-6, GRI 305-7**

The Company operates two stationary sources that emit air pollutants. Detailed emissions data for the reporting period are presented in the table below.

**GREENHOUSE GAS EMISSIONS (SCOPE 1 AND SCOPE 2)**

Emission category	2022	2023	2024	2023/2022	2024/2023
Scope 1 (in tonnes of CO <sub>2</sub> e)	1,483.75	1,487.33	<b>1,522.51</b>	≈ 0%	+2.4%
Scope 2 (in tonnes of CO <sub>2</sub> e)	133,940	191,058	<b>263,671.9</b>	+42.6%	+37.9%
Total Scope 1+2	135,423.8	192,545.3	<b>265,194.4</b>	+42.1%	+37.8%

Scope 1 emissions remained nearly flat over the three-year period, reflecting consistent fuel usage patterns. In contrast, Scope 2 emissions doubled between 2022 and 2024, largely due to a significant increase in electricity

consumption. This may be attributed to the connection of new technical facilities or improved data coverage. As a result, total Scope 1 and 2 emissions reached 265,194.4 tonnes of CO<sub>2</sub>e in 2024 – nearly double the 2022 level.

**HARMFUL EMISSIONS (SCOPE 1, FROM FUEL COMBUSTION)**

Substance	2022, т	2023, т	2024, т	2024/2023
NO <sub>x</sub>	2.74	2.77	<b>2.83</b>	+2.2%
SO <sub>2</sub>	0.31	0.31	<b>0.32</b>	+3.2%
CH <sub>4</sub>	0.012	0.012	<b>0.013</b>	+4.2%
N <sub>2</sub> O	0.023	0.023	<b>0.024</b>	+4.3%
PM (dust)	0.327	0.325	<b>0.33</b>	+1.5%
NMVOС	0.868	0.873	<b>0.89</b>	+2.0%

The levels of harmful substances emitted from fuel combustion remained stable, showing only slight increases. This indicates consistent consumption of motor fuels (gasoline and diesel) and no introduction of new fuel types into the energy mix.

**CO<sub>2</sub>e EMISSION INTENSITY**

Метрика	2022	2023	2024	2024/2023
t CO <sub>2</sub> e per 1 employee	54.39	79.07	<b>111.19</b>	+40.6%
t CO <sub>2</sub> e per KZT 1 billion in revenue	612.22	846.35	<b>1 099.02</b>	+29.9%
t CO <sub>2</sub> e per 1 PB of traffic	187.49	241.59	<b>306.94</b>	+27.0%

In 2024, CO<sub>2</sub>e emission intensity increased across all indicators. The most significant rise was in emissions per employee (+40.6%), driven by a reduction in headcount while total emissions remained unchanged. Emissions per unit of revenue and per petabyte of data traffic also increased,

potentially indicating a decline in energy efficiency. These trends highlight the need for energy management initiatives and further digital transformation.

# WASTE MANAGEMENT

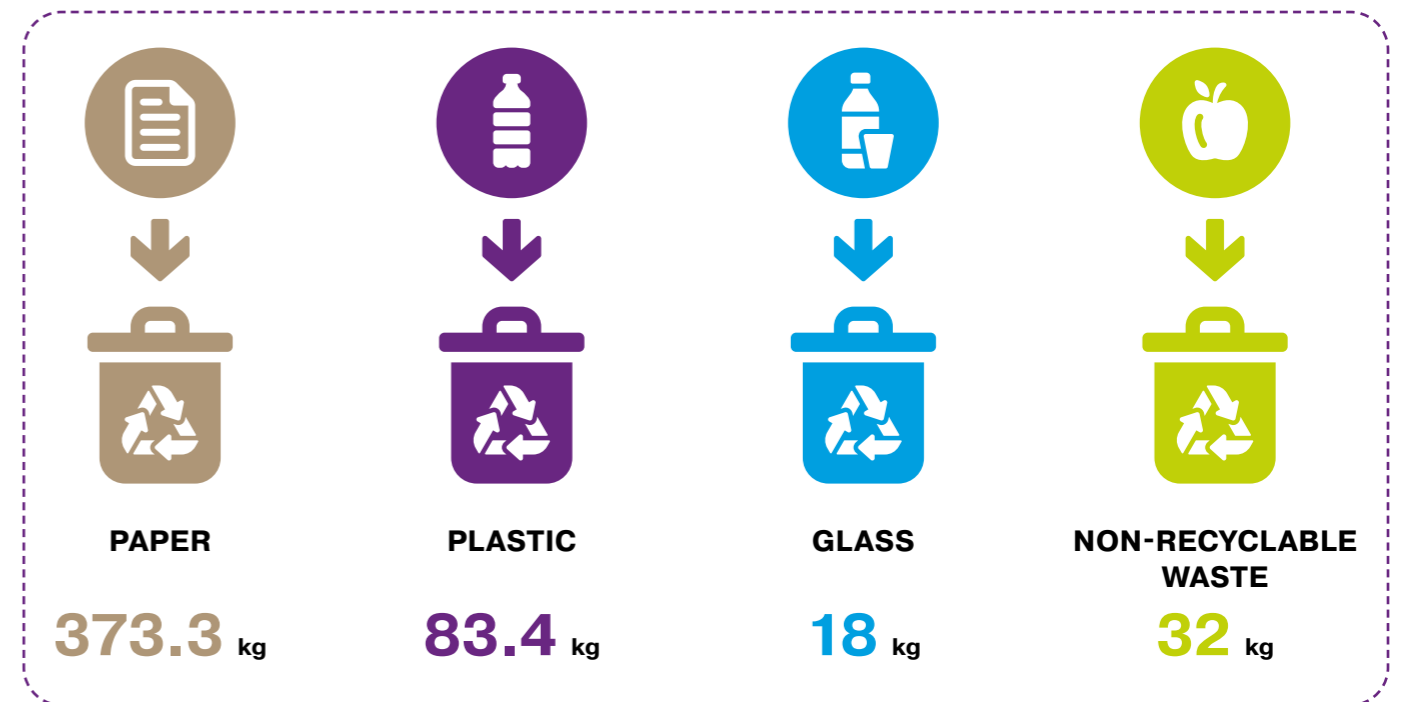
GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4

In the course of its operations, the company primarily generates waste in the form of obsolete equipment and general household waste. Municipal waste is collected and disposed of by a licensed specialized organization authorized to transport and dispose of waste. Obsolete telecommunications and office equipment are recycled or disposed of in accordance with the company's internal standard, Rules for the Dismantling and Disposal of Decommissioned Telecommunications Equipment. Decommissioned equipment, cables, and office hardware are transferred to licensed contractors authorized to collect, store, and process ferrous and non-ferrous metals. The decision on whether certain components can be reused as spare parts is made by the operations team.

The Company has also implemented a waste separation system at its office, promoting a more environmentally responsible approach to day-to-day operations.

By using specialized eco-containers with four separate compartments, employees contribute to the conservation of natural resources by sorting recyclable materials from general waste. Rather than ending up in landfills, the collected materials are sent for recycling and repurposed into new products.

Since the introduction of the waste separation initiative, a total of 506.7 kg of recyclable materials have been diverted from landfills for processing.



# 09

# FOR

## STAKEHOLDER ENGAGEMENT AND SOCIAL RESPONSIBILITY

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## FOR YOUR PRESENT

# STAKEHOLDER ENGAGEMENT

GRI 2-26, GRI 2-29

Kcell JSC recognizes the importance of understanding and addressing the interests and expectations of all stakeholders. The Company is committed to enhancing the effectiveness of its engagement with stakeholders through communication based on transparency, trust, and mutual respect. Kcell strives to protect stakeholder interests

by responding promptly to inquiries and ensuring timely feedback. Key communication channels include corporate reporting, correspondence, the Company’s website, forums and social media platforms, media publications, the Kcell/activ mobile app, and the hotline of Samruk-Kazyna JSC.

Stakeholders	Expectations	Engagement Process
Customers	Quality services at fair prices, personal data protection	Market research, various feedback mechanisms
Suppliers	Long-term partnerships, adherence to business ethics	Transparent procurement processes, business meetings and consultations
Government Authorities	Regulatory compliance, increased tax contributions, participation in state development programs	Official correspondence, inspections by regulatory bodies, and meetings
Shareholders and Investors	Company growth, corporate governance development, effective strategy execution, profitability and financial stability	Reporting, meetings, and joint discussions
Employees	Good working conditions, timely wage payments, benefits package, career opportunities	Internal communication, protection of employee rights and interests, working conditions improvement
Media and the Public	Transparency and access to information	Responding to media inquiries, PR and marketing activities

# INFORMATION DISCLOSURE

GRI 2-29

- Information disclosure aims to foster a positive image of the Company, supporting capital attraction, maintaining shareholder and investor trust, and driving operational and financial performance.
- The information disclosure system must ensure transparency while safeguarding the confidentiality of internal information.
- Disclosure practices must provide open and easy access to publicly available information about the Company.
- Disclosure on the websites of the financial reporting depository and stock exchanges is carried out in accordance with applicable legislation and the listing rules of the respective exchanges.
- Corporate events are additionally disclosed on the Company’s corporate website ([www.investors.kcell.kz](http://www.investors.kcell.kz)).

# INFORMATION SECURITY AND PROTECTION OF CLIENT DATA

Protecting subscribers’ personal data is a key focus for our Company, as in today’s digital era, personal information is increasingly sought after by malicious actors. Any breach of subscriber data can pose serious risks, including fraud and other forms of cybercrime.

We regularly review and update our security measures to ensure their effectiveness. The Company adheres to the principle of minimal access, granting employees only the level of data access required for their roles, and employs a range of technologies to safeguard personal data. These include secure network protocols, database monitoring and protection systems, regular audits, and employee training programs.

The Company places strong emphasis on advancing information security and employs highly qualified specialists certified in cybersecurity (CEH, CHFI, GIAG Reverse Engineering Malware, OSCP, OSWE, OSEP, eMAPT, JNCIE-SEC). These capabilities ensure a reliable level of personal data protection and create the conditions necessary to counter complex cyberattacks.

Continuous professional development and skills enhancement enabled the Kcell information security team to take first place in both Blue Team and Red Team categories at cybersecurity exercises conducted by the National Cybersecurity Coordination Center (NCCIB) among corporate information security centres in Kazakhstan. Kcell was also recognised by independent experts at the Digital Rights Center Qazaqstan as the best company in the telecom sector for upholding digital rights in 2024. Furthermore, one of our employees ranked among the Top 10 bug hunters in Kazakhstan in 2024.

We conduct round-the-clock monitoring of information security events across our infrastructure to detect emerging threats and early signs of cyberattacks. Proactive measures are taken to respond to and prevent incidents, while continuously improving our capabilities in this area.



## CUSTOMER PROTECTION AGAINST FRAUD

GRI 418-1

The fight against telephone fraud is more relevant than ever. The Company places strong emphasis on the implementation of advanced tools and methods to detect and contain fraudulent activities and is continuously exploring new ways to strengthen its efforts.

In 2024, a new Fraud Management System was launched. This system enhances the algorithms and speed for detecting suspicious fraudulent operations, helping prevent potential losses. By leveraging synergies with other tools and systems, it significantly improves the overall effectiveness of anti-fraud efforts.

To combat social engineering (fraudulent calls), the Company is taking proactive measures across multiple fronts – legislative, informational, and technological. It is also collaborating with various government agencies and organizations to build faster and more coordinated response mechanisms.

The Company has successfully integrated with the centralized data exchange system for suspicious payment transactions (Anti-Fraud Center) operated by the National Payment Corporation of the National Bank of the Republic of Kazakhstan. This integration supports the real-time exchange of critical information and sets the stage for further development in this area.

Additionally, a Memorandum of Cooperation was signed between the Prosecutor's Office, Kazakhtelecom JSC, and Kcell JSC to foster good-faith collaboration and information sharing in order to prevent, detect, and suppress unlawful acts, including fraud involving deceptive phone calls by third parties.

The Company's anti-fraud initiatives have been formally recognized through letters of appreciation from the Almaty Prosecutor's Office, the Ministry of Internal Affairs, and the Committee for National Security of the Republic of Kazakhstan.

## SOCIAL RESPONSIBILITY AND CHARITABLE ACTIVITIES

GRI 203-2

Kazakhtelecom JSC, which holds 51% of the voting shares in Kcell JSC, is part of the Samruk-Kazyna Sovereign Wealth Fund Group. The Fund and its subsidiaries implement a unified policy on charitable giving through the Samruk-Kazyna Trust Corporate Foundation.

Samruk-Kazyna Trust is the foundation for social project development within the Fund's group of companies. It implements charitable and socially significant programs and initiatives across Kazakhstan. In close collaboration with the Government of the Republic of Kazakhstan, the foundation supports projects in the following key areas:

- Social and medical assistance to individuals and communities
- Development of the media, cultural sector, and human potential
- Strengthening labor and interethnic relations, and investing in sustainable social development
- Support for regional and business initiatives

Группа ФНБ неуклонно следует принципам социальной ответственности, которыми являются: создание новых рабочих мест, реализация социальных программ для персонала, спонсорство и благотворительность, проведение экологических и образовательных акций.

The Samruk-Kazyna Group consistently upholds the principles of social responsibility, which include creating new jobs, implementing social programs for employees, providing sponsorships and charitable support, and running environmental and educational campaigns.

The sponsorship and charitable efforts of Samruk-Kazyna JSC focus on reviving spiritual and national values, promoting culture, science, and education, fostering scientific and technological progress, encouraging healthy lifestyles, supporting vulnerable populations and low-income citizens, and developing sports.



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**FOR YOUR PRESENT**

# APPENDIX 1. ABOUT THE REPORT

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

Kcell JSC Annual Report for 2024 includes information on the Company's financial, business, and operational performance for the period from January 1 to December 31, 2024, along with selected retrospective data and forward-looking indicators. The Report has been prepared in accordance with the Global Reporting Initiative (GRI Standards), based on the principles outlined in GRI 1 (2021), including:

- **Accuracy** – The Report is based on reliable, detailed, and precise data.
- **Balance** – The information reflects both positive and negative developments to provide an objective view.
- **Clarity** – The content is presented in a clear and accessible manner.
- **Comparability** – The data is structured to enable comparison across reporting periods and with other organizations.
- **Completeness** – The Report includes sufficient information to assess the Company's performance over the reporting period.
- **Sustainability context** – The information is presented within the broader context of sustainable development.
- **Timeliness** – The Company aims to disclose information on a regular basis to support timely decision-making.
- **Verifiability** – The Report is designed to allow stakeholders to assess the reliability of the information disclosed.

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This Report was prepared in line with the Kazakhstan Stock Exchange's requirements for annual reporting, as well as the principles of the International Integrated Reporting Framework (IIRC) and the AA1000 Stakeholder Engagement Standard (AA1000SES).

It draws on statistical data published by the Bureau of National Statistics (BNS) and the International Telecommunication Union (ITU). Any discrepancies in the quantitative data presented in Kcell's 2023 and 2024 Annual Reports are due to updated figures released by the BNS and ITU after the 2023 Report was published.

The Report has not undergone external assurance. However, the Company recognises the value of independent verification of sustainability disclosures and is considering external assurance of its non-financial information in future reporting cycles.

To help shape the content of this Report, a stakeholder survey was conducted involving shareholders, investors, management, employees, customers, and representatives of government bodies. Based on the feedback received, the most relevant topics for disclosure were identified. Topics rated as most important by both the Company and its stakeholders are shown in blue in the materiality matrix below.

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<b>2-21</b>	Annual total compensation ratio	Board of Directors	54



Indicator	Disclosure	Section of the Report/Comment	Page
2-22	Statement on sustainable development strategy	Address of the Chairman of the Board of Directors	6
		Address of the Chairman of the Management Board	8
2-23	Policy commitments	Strategic Sustainable Development Priorities of the Company	46
2-24	Embedding policy commitments	Current ESG Profile of the Company	44
		Strategic Sustainable Development Priorities of the Company	46
2-25	Processes to remediate negative impacts	Current ESG Profile of the Company	44
		Strategic Sustainable Development Priorities of the Company	46
2-26	Mechanisms for seeking advice and raising concerns	Compliance Control	67
		Communication with Stakeholders	96
2-27	Compliance with laws and regulations	Compliance with Legislative Requirements	
2-28	Membership in associations	The Company is not a member of industry associations.	
2-29	Approach to stakeholder engagement	Communication with Stakeholders	96
		Disclosure of Information	96
2-30	Collective bargaining agreements	All employees of the Company are covered by employment contracts.	
<b>GRI 3: Material Topics (2021)</b>			
3-1	Process to determine material topics	Appendix 1. About the Report	102
3-2	List of material topics	Appendix 1. About the Report	102
<b>GRI 201: Economic Performance (2016)</b>			
3-3	Management of material topics	Operating Activities of the Company	34
		Financial Performance	39
201-1	Direct Economic Value Generated and Distributed	Operating Activities of the Company Financial Performance	34 39
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	39
<b>GRI 202: Market Presence (2016)</b>			
3-3	Management of material topics	Labour Remuneration, Personnel Assessment and Motivation	82
		Board of Directors	54
		Management Board	63
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Labour Remuneration, Personnel Assessment and Motivation	82
202-2	Proportion of senior management hired from the local community	Board of Directors Management Board	54 63
<b>GRI 203: Indirect Economic Impacts (2016)</b>			
3-3	Management of material topics	Operating Activities of the Company	34
		Social Responsibility and Charity	99
203-1	Infrastructure investments and services supported	Operating Activities of the Company	34
203-2	Significant indirect economic impacts	Operating Activities of the Company Social Responsibility and Charity	34 99

Indicator	Disclosure	Section of the Report/Comment	Page
<b>GRI 205: Anti-Corruption (2016)</b>			
3-3	Management of material topics	Anti-Corruption	68
205-1	Operations assessed for risks related to corruption	Anti-Corruption	68
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	68
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption	68
<b>GRI 207: Taxes (2016)</b>			
3-3	Management of material topics	Taxation	41
207-1	Approach to tax	Taxation	41
207-2	Tax governance, control and risk management	Taxation	41
207-3	Stakeholder engagement and management concerns related to tax	Taxation	41
<b>GRI 301: Materials (2016)</b>			
3-3	Management of material topics	Resource Consumption	91
301-1	Materials used by weight or volume	Resource Consumption	91
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.	
<b>GRI 302: Energy (2016)</b>			
3-3	Management of material topics	Resource Consumption	91
302-1	Energy consumption within the organization	Resource Consumption	91
302-2	Energy consumption outside of the organization	Assessment was not carried out.	
302-3	Energy intensity	Assessment was not carried out.	
302-4	Reduction of energy consumption	Resource Consumption	91
302-5	Reductions in energy requirements of products and services	Assessment was not carried out.	
<b>GRI 303: Water and Effluents (2018)</b>			
3-3	Management of material topics	Water Consumption	90
303-1	Interactions with water as a shared resource	Water Consumption	90
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	90





Indicator	Disclosure	Section of the Report/Comment	Page
<b>GRI 304: Biodiversity (2016)</b>			
3-3	Management of material topics	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		
<b>GRI 305: Emissions (2016)</b>			
3-3	Management of material topics	Emissions of pollutants into the atmosphere	91
305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emissions have not been assessed.	
305-2	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)	Emissions of pollutants into the atmosphere	91
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Emissions of pollutants into the atmosphere	91
<b>GRI 306: Отходы (2020)</b>			
3-3	Management of material topics	Waste Management	93
306-1	Waste generation and significant waste-related impacts	Waste Management	93
306-2	Management of significant waste related impacts	Waste Management	93
306-3	Waste generated	Waste Management	93
306-4	Waste diverted from disposal	Waste Management	93
<b>GRI 307: Environmental Compliance (2016)</b>			
3-3	Management of material topics	Environmental Protection Policy	90
307-1	Non-compliance with environmental laws and regulations	Environmental Protection Policy	90
<b>GRI 308: Supplier Environmental Assessment (2016)</b>			
3-3	Management of material topics	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		
<b>GRI 401: Employment (2016)</b>			
3-3	Management of material topics	Personnel Policy and Practice of Labour Relations	80
		Personnel Structure	81
		Social Protection of Employees	83
401-1	New employee hires and employee turnover	Personnel Policy and Practice of Labour Relations	80
		Personnel Structure	81
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Protection of Employees	83
401-3	Parental leave	Social Protection of Employees	83

Indicator	Disclosure	Section of the Report/Comment	Page
<b>GRI 402: Labour/Management Relations (2016)</b>			
3-3	Management of material topics	Personnel Policy and Practice of Labour Relations	80
402-1	Minimum notice periods regarding operational changes	Personnel Policy and Practice of Labour Relations	80
<b>GRI 403: Occupational Health and Safety (2018)</b>			
3-3	Management of material topics	Occupational Safety and Health	86
403-1	Occupational health and safety management system	Occupational Safety and Health	86
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety and Health	86
403-3	Occupational health services	Occupational Safety and Health	86
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health	86
403-5	Worker training on occupational health and safety	Occupational Safety and Health	86
403-6	Promotion of worker health	Occupational Safety and Health	86
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health	86
403-8	Workers covered by an occupational health and safety management system	Occupational Safety and Health	86
403-9	Work-related injuries	Occupational Safety and Health	86
403-10	Work-related injuries	Occupational Safety and Health	86
<b>GRI 404: Training and Education 2016</b>			
3-3	Management of material topics	Personnel Development	84
404-1	Average hours of training per year per employee	Personnel Development	84
404-2	Programs for upgrading employee skills and transition assistance programs	Personnel Development	84
<b>GRI 405: Diversity and Equal Opportunities (2016)</b>			
3-3	Management of material topics	Board of Directors	54
		Management Board	63
		Labour Remuneration, Personnel Assessment and Motivation	82
405-1	Diversity of governance bodies and employees	Board of Directors	54
		Management Board	63
405-2	Ratio of remuneration between women and men	Labour Remuneration, Personnel Assessment and Motivation	82
<b>GRI 406: Non-discrimination (2016)</b>			
3-3	Management of material topics	Personnel Policy and Practice of Labour Relations	80
406-1	Incidents of discrimination and corrective actions taken	Personnel Policy and Practice of Labour Relations	80
<b>GRI 407: Freedom of Association and Collective Bargaining (2016)</b>			
3-3	Management of material topics	Suppliers are not assessed for their level of risk	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	of child labour.	





Indicator	Disclosure	Section of the Report/Comment	Page
<b>GRI 408: Child Labour (2016)</b>			
3-3	Management of material topics	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		
<b>GRI 409: Принудительный труд (2016)</b>			
3-3	Management of material topics	Suppliers are not assessed for their level of risk of forced or compulsory labour.	
409-1	Operations and suppliers with significant risk of cases of forced or compulsory labour		
<b>GRI 410: Security Practices (2016)</b>			
3-3	Management of material topics	The personnel did not receive human rights training.	
410-1	Security personnel trained in human rights policies or procedures		
<b>GRI 411: Rights of Indigenous Peoples (2016)</b>			
3-3	Management of material topics	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		
<b>GRI 413: Local Communities (2016)</b>			
3-3	Management of material topics	Operating Activities of the Company	34
413-1	Operations with local community engagement, impact assessments, and development programs	Operating Activities of the Company	34
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.	
<b>GRI 414: Supplier Social Assessment (2016)</b>			
3-3	Management of material topics	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		
<b>GRI 415: Public Policy (2016)</b>			
3-3	Management of material topics	Operating Activities of the Company Procurements	34 41
415-1	Political contributions	Operating Activities of the Company Procurements	34 41

Indicator	Disclosure	Section of the Report/Comment	Page
<b>GRI 416: Customer Health and Safety (2016)</b>			
3-3	Management of material topics	Assessment was not carried out.	
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.	
<b>GRI 417: Marketing and Labelling (2016)</b>			
3-3	Management of material topics	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		
<b>GRI 418: Customer Privacy (2016)</b>			
3-3	Management of material topics	Information Security and Protection of Confidential Data of Clients Client Fraud Protection	97 98
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	97 98



## APPENDIX 3. CONSOLIDATED FINANCIAL STATEMENTS



«Эрнст энд Янг» ЖШС  
Әл-Фараби д-лы, 77/7  
«Есентай Тауэр» ғимараты  
Алматы қ., 050060  
Қазақстан Республикасы  
Тел.: +7 727 258 5960  
БИН 041140002277  
www.ey.com

ТОО «Эрнст энд Янг»  
пр. Аль-Фараби, 77/7  
здание «Есентай Тауэр»  
г. Алматы, 050060  
Республика Казахстан  
Тел.: +7 727 258 5960  
БИН 041140002277

Ernst & Young LLP  
Al-Farabi ave., 77/7  
Esental Tower  
Almaty, 050060  
Republic of Kazakhstan  
Tel.: +7 727 258 5960  
BIN 041140002277

### 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 2024, 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 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### 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.

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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

The Group's revenue from telecommunication services consists of a significant volume of low-value transactions, sourced from multiple systems, including the billing system. The processing and recording of revenue is highly automated and is based on established tariff plans.

We identified this matter as a key audit matter due to the complexity of information systems involved in the revenue recognition process and the risks associated with incorrect recognition and measurement of revenue, arising from the diversity and constant evolution of tariff plans, marketing offers and discounts provided to customers. The auditing of revenue required an increased extent of audit effort, including the need for us to involve professionals with expertise in information technology ("IT") to identify relevant systems, and evaluate and test automated controls.

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 disclosures by types of revenue are included in Note 22 to the consolidated financial statements.

We assessed the design and tested the operating effectiveness of IT general controls supporting the operation of the billing system and other IT systems.

We tested IT application controls over the capturing and recording of data, and IT application controls over the calculation of amounts to be billed to customers and recording of amounts collected from customers.

We tested controls related to transfer of data among relevant IT systems related to the recording and recognition of revenue.

We examined the authorising of changes in tariffs implemented in the billing system.

We conducted test calls and data usage to verify the connection detection, duration, and tariffication.

We analyzed correlation among journal entries to revenue, trade receivables and cash.

We performed analytical procedures, including monthly fluctuations analysis and analysis of changes in the number of subscribers and tariffs impacting revenue, and compared trends in financial data with trends in non-financial data.

We analysed the key judgements used by management in the accounting for revenue.

We evaluated the Group's accounting policy for revenue recognition.

We analysed the disclosures in the consolidated financial statements related to revenue recognition.

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#### **Impairment of non-current assets**

We identified this matter to be one of the matters of most significance in our audit due to the materiality of the balances of non-current assets to the consolidated financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements and estimates made by management.

Significant assumptions included discount rate and inflation rate forecast. Significant estimates included future capital expenditures and the level of earnings before interest, taxation, depreciation and amortisation.

Information on impairment test performed is disclosed in Note 4 to the consolidated financial statements.

We analysed management's assessment of the existence of impairment indicators.

We involved our valuation specialists in the testing of management's impairment analysis and calculation of recoverable amounts.

We compared the discount rate and long-term growth rates to general market indicators and other available evidence and checked the calculation of the discount rate.

We tested the mathematical accuracy of the impairment model and assessed the analysis of the sensitivity of the results of impairment test to changes in assumptions.

We analysed disclosures on impairment test in the consolidated financial statements.

#### **Other information included in the Group's 2024 Annual Report**

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 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.

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.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

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

20 February 2025



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 2024

<i>In millions of tenge</i>	Notes	31 December 2024	31 December 2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	197,815	156,113
Intangible assets	8	117,561	123,824
Investment property		-	339
Advanced paid for non-current assets	7	1,103	176
Right-of-use assets	16	49,010	41,162
Long-term trade receivables	9	5,404	1,523
Cost to obtain contracts		895	674
Deferred tax assets	28	2,856	4,148
<b>Total non-current assets</b>		<b>374,644</b>	<b>327,959</b>
<b>Current assets</b>			
Inventories	10	9,180	9,009
Trade receivables	9	26,402	32,723
Other current non-financial assets	11	5,031	7,826
Other current financial assets	12	370	2,167
Prepaid income tax		146	545
Cash and cash equivalents	14	8,801	11,031
<b>Total current assets</b>		<b>49,930</b>	<b>63,301</b>
<b>Total assets</b>		<b>424,574</b>	<b>391,260</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	6	33,800	33,800
Additional paid in capital		-	1,260
Retained earnings		147,877	136,458
<b>Total equity</b>		<b>181,677</b>	<b>171,518</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings: non-current portion	15	47,667	77,514
Long-term lease liabilities	16	46,652	38,261
Government grants: non-current portion	21	21,179	14,391
Long-term trade payables	17	3,754	7,339
Asset retirement obligation	19	4,711	3,676
<b>Total non-current liabilities</b>		<b>123,963</b>	<b>141,181</b>
<b>Current liabilities</b>			
Borrowings: current portion	15	42,972	7,353
Short-term lease liabilities	16	5,265	5,296
Government grant: current portion	21	5,853	3,746
Short-term trade payables	17	39,738	40,996
Financial guarantee obligation		-	44
Contracts liabilities	18	8,726	9,861
Provisions	20	7,476	2,062
Due to employees		6,199	5,952
Taxes payable other than income tax		2,705	3,251
<b>Total current liabilities</b>		<b>118,934</b>	<b>78,561</b>
<b>Total liabilities</b>		<b>242,897</b>	<b>219,742</b>
<b>Total equity and liabilities</b>		<b>424,574</b>	<b>391,260</b>

Chairman of the Management Board & Chief Executive Officer



Chief Financial Officer

Chief Accountant

The accounting policies and notes on pages 6 to 50 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 2024

In millions of tenge	Notes	2024	2023
Revenue from contracts with customers	22	235,467	223,747
Income from government grants	21	5,853	3,746
Cost of sales	23	(183,731)	(156,008)
<b>Gross profit</b>		<b>57,589</b>	<b>71,485</b>
General and administrative expenses	24	(10,603)	(8,811)
Selling expenses	25	(3,305)	(5,401)
Impairment of financial assets	9	(3,156)	(5,702)
Other operating income	27	154	1,910
Other operating expenses	27	(6,374)	(2,533)
<b>Operating profit</b>		<b>34,305</b>	<b>50,948</b>
Finance costs	26	(22,172)	(12,889)
Finance income	26	3,400	5,339
Net foreign exchange loss		(375)	(1,346)
<b>Profit before tax</b>		<b>15,158</b>	<b>42,052</b>
Income tax expenses	28	(4,999)	(9,155)
<b>Profit for the year</b>		<b>10,159</b>	<b>32,897</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>10,159</b>	<b>32,897</b>
<b>Earnings per share</b>			
Basic and diluted, tenge	6	50.80	164.49

Chairman of the Management Board & Chief Executive Officer   
 Chief Financial Officer   
 Chief Accountant 



The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.

Kcell JSC Consolidated financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2024

In millions of tenge	Share capital	Additional paid-in capital	Retained earnings	Total equity
<b>Balance at 1 January 2023</b>	33,800	1,260	103,561	138,621
Net profit for the year	-	-	32,897	32,897
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	32,897	32,897
<b>At 31 December 2023</b>	<b>33,800</b>	<b>1,260</b>	<b>136,458</b>	<b>171,518</b>
Net profit for the year	-	-	10,159	10,159
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	10,159	10,159
Reclassification from additional paid-in capital (Note 15)	-	(1,260)	1,260	-
<b>At 31 December 2024</b>	<b>33,800</b>	<b>-</b>	<b>147,877</b>	<b>181,677</b>

Chairman of the Management Board & Chief Executive Officer   
 Chief Financial Officer   
 Chief Accountant 



The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.



Kcell JSC

Consolidated financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

<i>In millions of tenge</i>	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Profit before tax		15,158	42,052
<b>Adjustments for:</b>			
Impairment of financial assets	9	3,156	5,702
Recovery of provision for legal claims on contractual obligation	20, 27	(14)	(721)
Accrual of provision	20, 27	5,428	1,861
Finance costs	26	22,172	12,889
Depreciation of property and equipment, investment property and right-of-use assets	7, 16	29,171	22,130
Amortisation of intangible assets	8	22,024	22,344
Write-off of inventory to net realizable value	10, 24	441	600
Income from accounts payable write-off	27	(51)	(1,049)
Finance income	26	(3,400)	(5,339)
Loss on disposal of property and equipment, intangible assets	27	205	558
Income from government grants	21	(5,853)	(3,746)
Net foreign exchange loss		733	391
<b>Operating cash flows before working capital changes</b>		<b>89,170</b>	<b>97,672</b>
Change in inventories		(612)	(2,389)
Change in trade receivables		1,335	(6,449)
Change in other current non-financial assets		1,341	(929)
Change in other current financial assets		1,797	(1,367)
Change in cost to obtain contracts		(221)	(116)
Change in trade payables		(5,932)	51
Change in due to employees		247	244
Change in contract liabilities		(1,135)	4,216
Change in taxes payable other than income tax		17,948	11,801
<b>Cash flows generated from operations</b>		<b>103,938</b>	<b>102,734</b>
Income tax paid		(5,600)	(13,852)
Interest received		808	2,669
Interest paid	30	(19,926)	(11,314)
<b>Net cash inflows from operating activities</b>		<b>79,220</b>	<b>80,237</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(61,442)	(69,393)
Purchase of intangible assets		(18,094)	(90,701)
Proceeds from disposal of property and equipment		87	130
Proceeds from redemption of financial assets at amortised cost	13	—	49,358
Purchase of financial assets at amortised cost	13	—	(34,545)
Other		(2)	—
<b>Net cash flows used in investing activities</b>		<b>(79,451)</b>	<b>(145,151)</b>

The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.

Kcell JSC

Consolidated financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Notes	2024	2023
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	30	167,177	110,761
Repayment of borrowings	30	(162,281)	(74,157)
Repayment of principal portion of lease liabilities	30	(7,253)	(5,952)
<b>Net cash flows (used in) / from financing activities</b>		<b>(2,357)</b>	<b>30,652</b>
<b>Net used in cash and cash equivalents</b>		<b>(2,588)</b>	<b>(34,262)</b>
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		358	(955)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>11,031</b>	<b>46,248</b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b>8,801</b>	<b>11,031</b>

## NON-CASH TRANSACTIONS

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

In 2024 the Group received government grants in the total amount of 14,748 million tenge (2023: 10,615 million tenge) represented by 90% reduction in the annual fee for use of radio frequencies.

In 2024, the Group paid an amount of 30,777 million tenge for property and equipment purchased in prior year (2023: 26,700 million tenge). Property and equipment in the amount of 31,763 million was purchased in 2024 but not paid as at 31 December 2024 (2023: 30,777 million tenge). In 2024, the Group transferred 2,292 million tenge from prepaid income tax to taxes payable other than income tax.

Chairman of the Management Board &amp; Chief Executive Officer

Chief Financial Officer

Chief Accountant

Askar Zhambakin  
Sabigai Rakhmetov  
Guzel Khassanova

The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.



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



[https://static.kcell.kz/files/new\\_investors/Formatted\\_RUS\\_FS\\_12m\\_2024\\_Consolidated\\_signed.pdf](https://static.kcell.kz/files/new_investors/Formatted_RUS_FS_12m_2024_Consolidated_signed.pdf)





# GLOSSARY

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

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

**WF 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

## 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

**CGC** – Corporate Governance Code

**CRMS** – corporate risk management system

**NB RK** – 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

**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

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

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

**CFO (Engl. Cash flow from operating activities)** – cash flow from operating activities

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

**CVM (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)

**m<sup>3</sup>** – 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

website: <https://investors.kcell.kz>

E-mail: [Investor\\_Relations@kcell.kz](mailto:Investor_Relations@kcell.kz)