

Confirmation of Intention to Float on the LSE

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JSC Kaspi.kz
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23 September 2019

KASPI.KZ

CONFIRMATION OF INTENTION TO FLOAT ON THE LONDON STOCK EXCHANGE

Following the announcement on 16 September 2019 by Kaspi.kz, the largest Payments, Marketplace and Fintech Ecosystem in Kazakhstan with a leading market share that is fast growing in each of its key products and services, regarding the publication of a Registration Document, Kaspi.kz today confirms its intention to proceed with an initial public offering of shares by current shareholders in the Company (the "**IPO**" or the "**Offering**").

The Company confirms its intention to apply for the admission of global depository receipts (the "**GDRs**") representing an interest in its ordinary shares (the "**Shares**") to the Official List maintained by the FCA, and to trading on the regulated market of the London Stock Exchange (together, "**Admission**").

The final offer price in respect of the Offering will be determined following a book-building process, with Admission currently expected to occur in October 2019.

Mikheil Lomtadze, Chairman of the Management Board:

"We are confirming today our IPO plans as the next important step forward in the development of Kaspi.kz. We have created the largest consumer and merchant-focused Ecosystem in Kazakhstan, with the aim of improving people's lives through developing innovative products and services that transform the way they pay, shop and manage their personal finances. All our products and services are available to consumers through our market-leading Kaspi.kz Mobile App, which now has more

than 5 million monthly active users. Kaspi.kz is a unique and powerful business model with significant network effect that we intend to extend to new products and territories, including Central Asia and the Caucasus region."

Confirmation of Offering structure:

- The Offering will comprise the sale of GDRs, to be listed on the London Stock Exchange, each GDR representing an interest in one Share.
- The Offering will consist of a sale of existing Shares in the form of GDRs by current shareholders of the Company (the "**Selling Shareholders**"). The Shares are listed on Kazakhstan Stock Exchange JSC. The Selling Shareholders comprise (i) Asia Equity Partners Limited and Baring Vostok Nexus Limited (funds advised by Baring Vostok Capital Partners), (ii) ELQ Investors II Ltd (a wholly owned subsidiary of The Goldman Sachs Group, Inc.), (iii) Vyacheslav Kim and (iv) Mikheil Lomtadze.
- Each of the Selling Shareholders intends to retain shareholdings in the Company post-IPO.
- The Offering will comprise an offering to institutional investors outside the United States pursuant to Regulation S and to Qualified Institutional Buyers in the United States pursuant to Rule 144A.
- Certain Selling Shareholders intend to grant an over-allotment option for up to a maximum of 15% of the total number of GDRs being sold in the Offering.
- Following the Offering, the Company and the Selling Shareholders are expected to be subject to a lock-up in respect of their Shares for a period of 180 days in the case of the Company, Asia Equity Partners Limited, Baring Vostok Nexus Limited, ELQ Investors II Ltd and Vyacheslav Kim, and 365 days in the case of Mikheil Lomtadze.
- Morgan Stanley & Co International plc, UBS AG (London Branch), Citigroup Global Markets Limited and Credit Suisse Securities (Europe) Limited are acting as Joint Global Coordinators in connection with the Offering and, along with Renaissance Capital, as Joint Bookrunners.

Overview of Kaspi.kz

The largest Payments, Marketplace and Fintech Ecosystem in Kazakhstan

Kaspi.kz is the largest Payments, Marketplace and Fintech Ecosystem in Kazakhstan with a leading market share and fast growing in each of its key products and services. Kaspi.kz provides a growing range of interconnected, technologically advanced, seamless and innovative products and services that transform the way people pay, shop and manage their personal finances. It has recently expanded its addressable market from 18 million people (in Kazakhstan) to 28 million people by entering Azerbaijan through the acquisition of three leading classifieds platforms: Turbo.az (a car marketplace), Tap.az (a new and used items marketplace) and Bina.az (a real estate marketplace). Kaspi.kz is planning to further expand in the mid-term across several additional countries in Central Asia and the Caucasus.

Kaspi.kz operates three interconnected platforms:

- *Payments Platform* enables customers to pay for regular household needs, make purchases online and in-store, and make seamless online P2P payments within and outside the Kaspi.kz Ecosystem, both in Kazakhstan and globally, to any Mastercard or Visa card.

Kaspi.kz's Payments Platform encompasses Bill Payments, e-Wallet, Kaspi Gold debit card, P2P payments, Kaspi Business Mobile App and Kaspi.kz PoS Solution.

The Kaspi.kz PoS Solution and Kaspi.kz Mobile App are powered by Kaspi QR technology, enabling merchants to accept payments from Kaspi.kz customers directly via the Kaspi.kz Mobile App, without the need of a card.

In 2018, Kaspi.kz reached a market share of 35.4%^[1] by number of P2P payments, wire transfers, in-store and online transactions with the Kaspi Gold debit card and current accounts, while market share by value of such transactions reached 29.0%^[2].

In the first half of 2019, Total Payment Volume ("TPV") increased by 179.9% and reached KZT1,338,188 million (U.S.\$3.5 billion)^[3], from KZT478,095 million in the first half of 2018, while the number of transactions grew by 122.8% to 226.7 million from 101.8 million in the first half of 2018.

In the first half of 2019, the Payments Platform generated total revenue of KZT25,330 million (U.S.\$67 million), representing an increase of 177.6% from KZT9,123 million in the first half of 2018, and net income of KZT9,160 million (U.S.\$24 million), representing a growth of 457.5% from KZT1,643 million in the first half of 2018.

- *Marketplace Platform* enables customers to buy a broad selection of products and services from a variety of merchants. Kaspi.kz's Marketplace Platform is positioned as the starting point and destination for customer shopping journeys via Kaspi.kz Mobile App, website and in-store purchases. Kaspi.kz Marketplace Platform appeals to buyers who value ease of use, a large selection of popular products and price competitiveness. Merchants, in turn, access a large number of Kaspi.kz customers, thereby increasing their sales. Fulfilment options include in-store pick up, delivery by merchants and delivery powered by Kaspi.kz.

In 2018, Kaspi.kz was the largest e-commerce player in Kazakhstan with a market share of 40.9%^[4]. Moreover, the value of electronics sold through the Kaspi Marketplace amounted to 39.5%^[5] of total electronics sales in Kazakhstan in 2018.

In the first half of 2019, Marketplace Platform Gross Merchandise Value ("GMV") increased by 55.9% and reached KZT241,776 million (U.S.\$638 million) from KZT155,130 million in the first half of 2018, while the number of purchases grew by 144.6% and reached 9.4 million from 3.9 million in the first half of 2018.

In the first half of 2019, the Marketplace Platform generated total revenue of KZT15,761 million (U.S.\$42 million), representing an increase of 98.5% from KZT7,941 million in the first half of 2018, and net income of KZT9,668 million (U.S.\$25 million), representing a 156.0% increase from KZT3,776 million in the first half of 2018.

- *Fintech Platform* enables customers to access consumer financial products, primarily online and through Kaspi.kz Mobile App. A seamless customer experience is supported by technologically-advanced infrastructure and a wealth of proprietary data, which allows Kaspi.kz to make high-quality credit decisions in real time (within seconds). Kaspi.kz Fintech products are strategically designed around the product and merchant selection on Kaspi.kz's Marketplace Platform, which means that customers are able to

select goods and merchants first, and then seamlessly access available solutions to finance their purchases.

In 2018, Kaspi.kz enjoyed the largest market share in consumer loans in Kazakhstan, which amounted to 31.2%^[6], and held the second largest position in retail deposits with a 12.9%^[7] market share.

In the first half of 2019, Total Finance Volume ("TFV") increased by 29.2% and reached KZT865,014 million (U.S.\$2.3 billion) from KZT669,508 million in the first half of 2018, while the number of financing transactions grew by 110.6% to 11.3 million, from 5.4 million in the first half of 2018.

In the first half of 2019, the Fintech Platform generated total revenue of KZT185,771 million (U.S.\$490 million), representing year-on-year growth of 22% from KZT152,068 million in the first half of 2018, and net income of KZT58,173 million (U.S.\$153 million), representing year-on-year growth of 30% from KZT44,635.

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In the United Kingdom, this announcement is only being distributed to and is directed at Qualified Investors (a) having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005, as amended (the "Order"); (b) who are high net worth entities described in Article 49(2) (a) to (d) of the Order; or (c) other persons to whom they may lawfully be communicated (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this announcement relates will only be available to and will only be engaged in with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this announcement or any of its contents.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (B) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any 'manufacturer' (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the GDRs have been subject to a product approval process, which has determined that such GDRs are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the GDRs may decline and investors could lose all or part of their investment; the GDRs offer no guaranteed income and no capital protection; and an investment in the GDRs is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase or take any other action whatsoever with respect to the GDRs.

Each distributor is responsible for undertaking its own target market assessment in respect of the GDRs and determining appropriate distribution channels.

The information contained herein is not an offer, or an invitation to make offers, to sell, purchase, exchange or otherwise transfer securities in Kazakhstan to or for the benefit of any Kazakhstani person or entity, except for those persons or entities that are capable to do so under the legislation of the Republic of Kazakhstan and any other laws applicable to such capacity of such persons or entities. This announcement shall not be construed as an advertisement (i.e. information intended for an unlimited group of persons which is distributed and placed in any form and aimed to create or maintain interest in Joint Stock Company Kaspi.kz and its merchandise, trademarks, works, services and/or its securities and promote their sales) in, and for the purpose of the laws of Kazakhstan, unless such advertisement is in full compliance with Kazakhstan laws. No future dividends under, and/or increase of market value of the securities of Joint Stock Company Kaspi.kz are guaranteed whether explicitly or by any implication whatsoever.

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Each Bank is authorised by the UK Prudential Regulation Authority (the "PRA") and regulated by the FCA and the PRA. Each Bank is acting exclusively for the Company and no one else in connection with the matters referred to in this announcement, and will not regard any other person as their respective clients in relation to the matters referred to in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for providing advice in relation to the matters referred to in this announcement, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Certain statements in this announcement are not historical facts and are "forward looking" within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934. Forward looking statements include statements concerning the Company's plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, plans or goals relating to development projects, financial position and future operations and development, the Company's business strategy and the trends we anticipate in the industries and the political and legal environment in which we operate and other information that is not historical information. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward looking statements will not be achieved. Given these risks and uncertainties, be cautioned not to place undue reliance on such forward looking statements. We do not intend and we do not assume any obligation to update any forward looking statement contained herein.

In addition, this announcement contains information concerning the Group's industry and its market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the industry, and the Group's market and business segments, will develop. These assumptions are based on information currently available to the Company. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While the Company does not know what effect any such differences may have on the Group's business, if there are such differences, they could have a material adverse effect on the Group's future results of operations and financial condition.

Any subscription or purchase of securities in the possible Offering should be made solely on the basis of information contained in the Prospectus which may be issued by the Company in connection with the Offering. The information in this announcement is subject to change. Before subscribing for or purchasing any securities in the possible Offering, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus if published. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. Neither this announcement, nor anything contained in the Registration Document referred to herein, shall form the basis of or constitute any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities in the possible Offering or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

The Company may decide not to go ahead with the IPO and there is therefore no guarantee that a Prospectus will be published, the Offering will be made or Admission will occur. Financial decisions should not be based on this announcement. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. Neither this announcement, nor the Registration Document referred to herein, constitutes a recommendation concerning a possible offer. The value of shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of a possible offer for the person concerned.

[1] National Bank of the Republic of Kazakhstan (NBK)

[2] National Bank of the Republic of Kazakhstan (NBK)

[3] All U.S.\$ figures as at and for the six months ended 30 June 2019 are based on the U.S.\$/KZT average exchange rate for the six months ended 30 June 2019, comprising KZT379.14.

[4] Source: Euromonitor (market size estimate)

[5] Source: GFK

[6] National Bank of the Republic of Kazakhstan (NBK)

[7] National Bank of the Republic of Kazakhstan (NBK)