



KASPI.KZ ANNOUNCES 2019 FINANCIAL RESULTS

JSC “Kaspi.kz” (“Kaspi.kz” or “the Company”), the largest Payments, Marketplace and Fintech Ecosystem in Kazakhstan with a leading market share in each of its key products and services, today publishes its IFRS consolidated financial statements for the financial year ended 31 December 2019.

In 2019, Kaspi.kz continued to demonstrate strong revenue and profitability growth across its entire Ecosystem. The Kaspi.kz Mobile App, Kazakhstan’s leading mobile app, reached 6.0 million Monthly Active Users (“MAU”) and serves as the main gateway to the Kaspi.kz Ecosystem. Through the Mobile App, Kaspi.kz’s Payments, Marketplace and Fintech platforms once again strengthened their no. 1 market positions. By offering products and services relevant to consumers’ daily lives, Kaspi.kz is playing a leading role in Kazakhstan’s digital transformation and with the country continuing to offer multi-year structural economic growth, Kaspi.kz is well positioned to see strong user and financial momentum across its business in 2020.

Mikheil Lomtadze, Kaspi.kz CEO, commented:

“With 6.0 million users the Kaspi.kz Mobile App is the leading mobile app in Kazakhstan and continued to see strong user trends in 2019. Our Mobile App has become integral to people’s daily lives, revolutionizing the way our consumers pay, shop and manage their personal finances. As we continue to develop modern, convenient and frequently used services all accessed through our Mobile App, Kaspi.kz is playing a leading role driving Kazakhstan’s digital economy. Our business is also highly scalable and this is translating into record revenue and profitability growth. We are particularly pleased to see the share of consolidated net income from our Payments and Marketplace Platforms reached 28%, up from 19% in 2018, in line with our goal for these platforms to contribute a majority of our profits in the medium-term. We continue to monitor market conditions closely in relation to our potential initial public offering, following our announcement to postpone the transaction in October 2019”.

Mobile App MAU reached 6.0 million, 80% of transactions now take place through the Mobile App

- Kaspi.kz Mobile App has become the leading mobile app in Kazakhstan¹, with MAU increasing by 2.9 million to 6.0 million in December 2019 from 3.1 million in December 2018.
- Kaspi.kz’s transition to a mobile only Ecosystem continued with 80% of transactions taking place through the Mobile App in December 2019, compared to 55% in December 2018.
- As the Kaspi.kz Mobile App has become integral to consumers’ daily lives, user engagement grew to 14.8 transactions per month in 2019 up from 6.9 transactions per month in 2018, with a consumer retention rate of 94%.

¹ Based on TNS Gallup’s survey held in January 2020, where 76% of respondents mentioned Kaspi.kz Mobile App (leading score among the mobile apps referenced in the survey).

Revenue up 37% year-on-year, Net Income up 77%

- In 2019, the Company generated total revenue of KZT513,914 million (U.S.\$1,343 million²), demonstrating 36.9% year-on-year growth from KZT375,331 million in 2018.
- Given substantial network effects and operating leverage inherent in Kaspi.kz business model, net income increased 77.4% year-on-year to KZT197,123 million (U.S.\$515 million) in 2019 from KZT111,119 in 2018. Net income margin reached 38.4%, equivalent to an 880bps increase year-on-year.

Payments Platform – no. 1 with 65% Payments market share

- Our Payments Platform offers consumers a highly convenient way to transact, pay bills and make P2P payments via the Kaspi.kz Mobile App. Our merchants have access to the Kaspi.kz Ecosystem with 6.6 million Active Consumers, multiple payments options and modern payments technology.
- In 2019, our Total Payment Volume (TPV) reached KZT8.6 trillion (U.S.\$22.5 billion), representing an increase of 308% from KZT2.1 trillion in 2018.
- We remained Kazakhstan’s leading digital payments provider with a 65% market share, a substantial increase from 39% in 2019.³ With 2.3 million Payments Active Consumers added during the year to reach 4.9 million, the Payments Platform was our fastest growing business segment.
- In June 2019, we launched our own proprietary payments network, and in December 2019, we processed more volumes in Kazakhstan than Mastercard and Visa combined.⁴
- In 2019, the Payments Platform generated total revenue of KZT66,393 million (U.S.\$173 million), representing an increase of 150.8% from KZT26,471 million in 2018. The Payment Platform’s 2019 net income of KZT27,877 million (U.S.\$73 million) represented growth of 314.2% up from KZT6,731 million in 2018.
- In 2020, we plan to continue adding value to merchants by scaling-up our POS Solutions and QR Payments through the Kaspi.kz Mobile App. Although Kazakhstan is still in the early stages of its transition from cash to digital payments, with our modern technological and integrated consumer and merchant solutions, we expect Kaspi.kz to continue to play a leading role in the country’s digital transformation.

² Here and further throughout this announcement, U.S.\$ values are calculated based on the U.S.\$/KZT average exchange rate for 2019, comprising KZT382.75.

³ Based on the National Bank of the Republic of Kazakhstan (“NBK”) data, Kaspi.kz TPV corresponded to a market share of 65% in 2019 and 39% in 2018 for total cashless and digital transactions (card payments, P2P payments, internet and mobile payments) effected in Kazakhstan.

⁴ According to the NBK, in December 2019, Kaspi.kz’s proprietary payment network transactions accounted for 54% of total payment network transactions in Kazakhstan, while Visa and Mastercard had an aggregate share of 42% of total payment network transactions in the country.

Marketplace Platform – no. 1 with 46% e-Commerce market share and 5.5% of total retail spending

- Our Marketplace Platform connects merchants and consumers, enabling merchants to increase their sales and consumers to buy a broad selection of products and services from a wide range of merchants.
- In 2019, our GMV reached KZT627 billion (U.S.\$1.6 billion), representing an increase of 51% from KZT415 billion in 2018.
- In 2019, our Online Shopping marketplace grew almost 2x faster than the overall online retail market in Kazakhstan, accounted for 73% of total market growth and increased its market share to 46%, up from 38% in 2018.⁵ Total Marketplace GMV reached 5.5% of total retail spending in the country in 2019.⁶
- At the end of 2019 there were 23.4 thousand Active Stores on our Marketplace, up from 12.2 thousand in 2018. Throughout the year new categories including fashion & accessories, home & garden and supermarkets continued to grow in popularity. Kaspi Delivery added 18 new cities from 36 cities in 2018 and now covers 54 cities in Kazakhstan.
- In 2019, the Marketplace Platform generated total revenue of KZT45,002 million (U.S. \$118 million), representing an increase of 79.9% from KZT25,020 million in 2018. Net income reached KZT28,173 million (U.S.\$74 million), representing a 93.5% increase from KZT14,560 million in 2018.
- In 2020, we will continue to significantly expand the number of merchants and range of products available on our Marketplace, including a significantly wider cross-border offering. As we roll out our Mobile Shopping QR solution, Kaspi.kz will increasingly digitalize the offline shopping experience for both consumers and merchants.

Fintech Platform – no. 1 in consumer loans, no. 1 in new retail deposits

- Our Fintech Platform enables consumers to manage their personal finance online and access consumer finance and deposit products primarily through the Kaspi.kz Mobile App.
- In 2019 our TFV reached KZT2 trillion (U.S. \$5.2 billion), representing an increase of 40% from KZT1.4 trillion in 2018.
- Our Mobile App allows consumers to conveniently access financing to fund their purchases when they need it, with funds available in less than 10 seconds. In 2019 this helped us increase our share of the consumer finance market to 32%.⁷

⁵ Share of Kaspi's Online GMV in Kazakhstan's online retail market, based on Euromonitor market size estimate.

⁶ Based on the Ministry of National Economy of the Republic of Kazakhstan Committee on Statistics ("MNE") total retail market spending estimate.

⁷ Kaspi's share in consumer loans (excluding mortgages) based on NBK data.

- As consumers transact more frequently on our Mobile App, they are also saving with Kaspi.kz and we led the market for new deposit inflows in 2019.⁸ In 2019, we accounted for 110% of retail deposit growth and our share of the retail deposit market increased to 18%.⁹
- As our Mobile App has become the gateway to our Ecosystem, almost all of our consumer loans are now originated either online or via the Kaspi.kz Mobile App. In December 2019, 84% of our funding volumes were originated via online or mobile channels vs. 38% in December 2018.
- In 2019, the Fintech Platform generated total revenue of KZT402,519 million (U.S. \$1,052 million), representing year-on-year growth of 24.3% from KZT323,840 million in 2018. In 2019, our Fintech Platform generated net income of KZT141,073 million (U.S. \$369 million), representing year-on-year growth of 57.0% from KZT89,828 million in 2018.
- As consumers interact across our Ecosystem, this helps us offer highly targeted financial solutions and manage our risk more effectively. In 2019 we saw our cost of risk decline to 3.5%¹⁰ from 4.6% in 2018 and witnessed positive healthy trends across our lending portfolio.

About Kaspi.kz

Kaspi.kz operates the largest Payments, Marketplace and Fintech Ecosystem in Kazakhstan with the mission to improve people's lives by developing innovative products and services that revolutionize the way people pay, shop and manage personal finances. We drive consumer engagement by crafting a seamless user experience, leveraging state-of-the-art technology and proprietary big data analytics. At the core of the Kaspi.kz Ecosystem is our Kaspi.kz Mobile App, the leading mobile app in the country with over 6.0 million Monthly Active Users.

⁸ Based on NBK information, excluding the share of JSC "House Construction Savings Bank of Kazakhstan" (the "State Mortgage Bank").

⁹ Based on NBK information. Share of Kaspi's consumer deposits calculated as the share in the total size of consumer deposits in Kazakhstan in KZT terms, excluding the State Mortgage Bank.

¹⁰ Excluding the positive effect of the government debt forgiveness programme. Taking into account such effect, cost of risk in 2019 amounted to 3.1%.