

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are reflected in each other, creating a complex geometric pattern. The sky is overcast with soft, grey clouds. The overall color palette is dominated by blues, greys, and the green of the bottom-right corner.

**ANNUAL  
REPORT**  
2018

**nexign**

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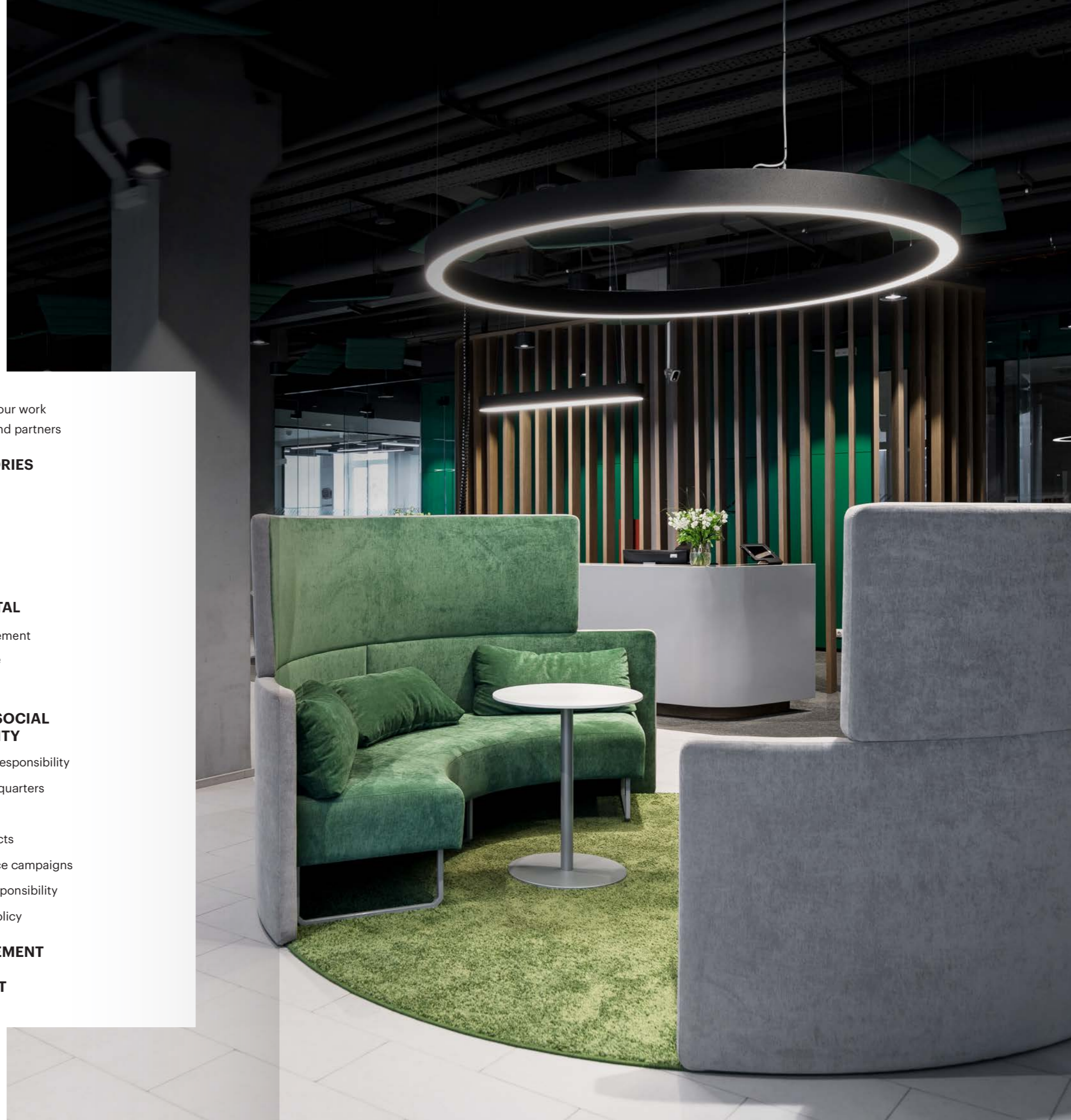
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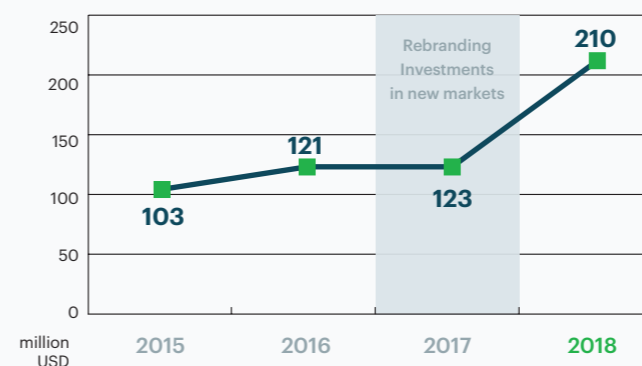
# 2018: THE YEAR IN REVIEW

Overall, 2018 was a landmark year for Nexign, a year of important achievements that laid the foundation for successful future growth:

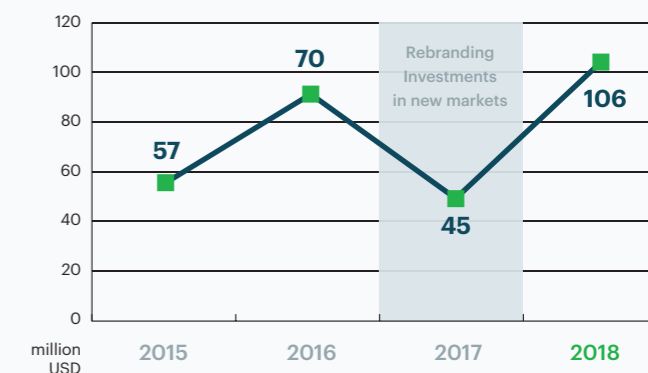
- 1  OPENING AN OFFICE IN DUBAI, UAE
- 2  EMBARKING ON A PARTNERSHIP WITH WIPRO AND INFOSYS
- 3  CONCLUDING A CONTRACT WITH UZBEKTELECOM
- 4  MAKING GARTNER'S MAGIC QUADRANT FOR THE SECOND CONSECUTIVE YEAR
- 5  JOINING INTELLECTUAL COMPUTER SYSTEMS HOLDING (ICS HOLDING)
- 6  LAUNCHING OUR INNOVATIVE TELECHAIN BROKER SOLUTION
- 7  EXPANDING REGIONAL PRESENCE
- 8  COMPLETING REBRANDING
- 9  LAUNCHING A NEW PRODUCT PORTFOLIO

2018 saw rapid growth and development for Nexign as we continued along our present course. The new 2017–2020 strategy, the approved three-year financial plan, and our investments all continued to produce good results: Nexign's key financial indicators were the best they have been in recent years.

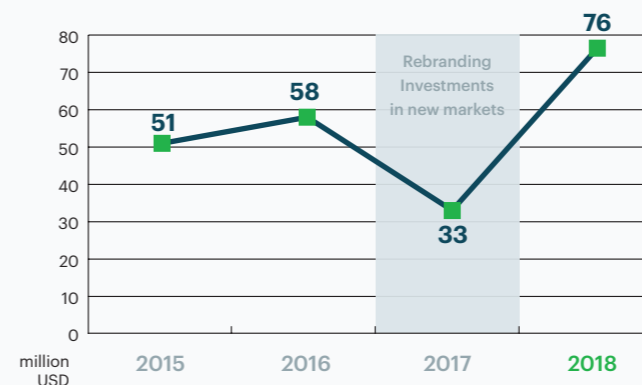
Company revenue



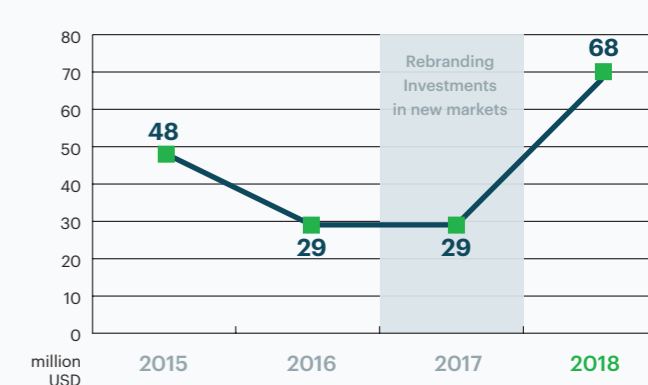
Operating margin



Net profit



Net cash flow



All figures in the annual report are taken from management accounts prepared in accordance with the Russian Accounting Standards. The effect of management accounting adjustments on net profit is no more than 2%.

# ENGAGEMENT WITH INDUSTRY AND ANALYSTS

Today, Nexign is solidly established on the Russian and global markets. In 2018, the company earned high marks from international analytics agencies and was mentioned in several major professional publications



Analysys Mason published a report about the company: 'Nexign: Digital Transformation'.

Nexign was also included in their report Monetisation platforms: worldwide market shares 2017.

(Analysys Mason report: 'Monetisation platforms: worldwide market shares', 2018).



Nexign's product portfolio was rated 'very strong' in comparison to the offerings of other leading BSS providers.

(GlobalData: Nexign BSS, December 2018).



Analysys Mason named Nexign a leading provider of IoT solutions in their report, 'IoT Monetisation Platforms: An Increasing Number of Use Cases is Encouraging CSP Investment'.

(Analysys Mason report: IoT Monetisation Platforms: An Increasing Number of Use Cases is Encouraging CSP Investment, 2018).



IDC published a Market Note about the company: 'Nexign Transforming Itself to Help Telcos Transform'.

(October 2018).

2018

May

June

August

September

October

2018

November

FROST & SULLIVAN

Analysts at Frost & Sullivan featured Nexign in their 2018 report on monetisation and financial assurance.

(Frost & Sullivan: Global CSP Monetization and Financial Assurance 2018 Edition, 2018).



Analysts praised our blockchain solution partnership as a major step forward, remarking that Nexign is 'changing the rules of the game' and 'possesses a unique market advantage'.

(GlobalData: 'Nexign and Bubbletone Ready to Turbocharge the BSS Market with Embedded Blockchain Applications', August 2018).



Nexign was featured in Gartner's Magic Quadrant for Integrated Revenue and Customer Management for the second year in a row.

(Gartner: 'Magic Quadrant for Integrated Revenue and Customer Management for CSPs', by Norbert Scholz, Jouni Forsman, Amresh Nandan and Ramesh Marimuthu, 11 February 2019).

# EXTENSIVE COVERAGE IN INTERNATIONAL MEDIA

**Effective congestion management key for telecom operators**

Ahmad Sayed, Regional Director, Middle East and Africa at Nexign, looks at how telecom operators can prosper this year.

In a recent survey, you undoubtedly observed another facet of digital transformation: the need for congestion management. It's a challenge that operators are likely to face in the coming year. Some of you may have experienced it when you have spent ages waiting for a page to load. As a communication service provider (CSP), you face the new generation of consumers – millennials and younger – they are increasingly under pressure to get things right the first time around. This is the nature of digital natives, and to cater to these demands, the solution is also digital.

Holidays are not the only time that users and mobile networks face peak hours. Business hours on commercial areas, big events such as sporting tournaments and concerts, and locations such as airports and metro stations, also present challenges in resource allocation. Operators have to invest heavily in their networks to handle the exponential traffic growth generated by the top OTT services and user-generated content. These operators know that the new generation of consumers is also the new generation of business managers. Traffic congestion, a challenge in the past, is now a performance degradation. It is a problem to be solved.

Intelligent CIO, Middle East

**It's time to share the mobile traffic burden**

Published on 20 March 2019  
By Alexey Vedin

Digital transformation is all around us, reworking the core practices of businesses. Communications service providers (CSPs) such as telcos, are also looking to transform what they do and how they do it. They face a demanding public, hungry for content that is more affordable and holds more capabilities, as well as a business community that relies on robust telcos for its own digitalisation initiatives.

According to Cisco's latest Visual Networking Index (VNI) Global Mobile Traffic Forecast 2017-2022, mobile data traffic worldwide is growing at an alarming rate. In South Africa mobile data traffic will grow nine-fold between 2017 and 2022. This is a compound annual growth rate (CAGR) of 54%, to reach 1.2 exabytes per month in the next three years, up from 133 petabytes in 2017. The report predicts that mobile data traffic will account for 40% of South Africa's total internet traffic by 2022, up from 24% in 2017. Mobile traffic per mobile-connected and user device will reach 120GB/month by 2022, up from 1.5GB in 2017.

This increase in mobile data traffic is bound to put pressure on CSPs struggling to deliver consistent quality of service. Consumers born into the digital era - who have grown up with a smartphone in one hand and a tablet in the other - are even less likely to forgive transgressions in the form of service drops, slow downloads or grumpy, stuttering content.

Sharing the load

The challenge CSPs must address to compete in the age of content is how to share the load. Carefully considered strategies have the potential to boost customer loyalty. Think about the millennial who is digitally savvy, informed, impatient and demanding. This is the new customer base. The one-step shop is a must, if you are to keep them loyal.

Fortunately, CSPs can find allies among application service providers (ASPs) such as Hewlett-Packard and over-the-top (OTT) service providers such as Netflix. These companies are also concerned about the end-user experience (UX). According to OpenSignal's State of Mobile Video report, download speed is just one factor influencing UX. The consistency of connection speed and signal delay also have an impact on the overall video experience.

While congestion management solutions are available, in some telco-specific business support system (BSS), suites can help mitigate issues—such as ability to provide customers with fast access to priority applications even in peak-use periods, dynamically manage temporary failures on radio and core networks and improve UX for high-value subscribers. On top of this, they can also prioritise mission-critical traffic for dedicated groups of subscribers. CSPs and content providers will have a much better chance of overcoming the obstacles to outstanding UX if they partner up and integrate their solutions.

IT Web, Africa

**TELECOM Review**

HUAWEI Huawei Middle East 3rd Innovation Day 2018

**Nexign will enable operators to transform their business models in MEA region**

11 OCTOBER 2018

More than 26 years of leadership

CSPs

Telecom Review, Middle East

**telecompaper**

HOME | WIRELESS | BROADBAND | VIDEO | GENERAL | IT | INDUSTRY RESOURCES

**Nexign targets Africa in 2019**

Monday 29 October 2018 | 13:04 CET | News

Global business support system (BSS) provider Nexign says it will be focusing on establishing its presence in Africa over the coming months. Ahmad Sayed, the regional director for MEA will

TelecomPaper, Europe

**Enterprise CHANNELS MEA**

FEATURES | INFRASTRUCTURE | EVENTS | GIG OPEN | CITIZEN | MEDIA KIT | PRINT ISSUE

**Nexign Partners with Bubbletone**

11 OCTOBER 2018 | 11:28 AM | News

Nexign and Bubbletone have revealed an exclusive partnership to develop an industry-first blockchain-based Business Support System (BSS) solution for the telecom sector. The two companies aim to create a global marketplace for telecom operators, giving them the ability to collaborate with each other and consequently offer individually determined volumes and qualities of services to end users—an option that has not previously existed.

Enterprise Channels MEA, Middle East

**EDITOR'S QUESTION**

**LOUKAS TZITZIS, CHIEF PRODUCTS & MARKETING OFFICER, NEXIGN**

The deployment of the Internet of Things (IoT) in enterprises allows for significant optimisation of relevant business processes as well as the creation of new value for the enterprise' end-customers by providing them with IoT-driven brand new products and services.

While this sounds like an attractive business opportunity, it does require a comprehensive and intelligent approach.

IoT infrastructure is a complex ecosystem that involves a variety of components – devices, applications, processes and all the generated data – that are very different by design. Not only this but these components can differ even if they fall within the same broad category. For example, applications can be built at different times, by different developers, or in different programming languages. This inequality makes it more complicated and challenging to manage the IoT infrastructure efficiently, and furthermore, extract value for business development.

Here is where one of the most progressive IoT technologies – Digital Twins – comes in. Digital Twins provides a unique capability to create digital models of the physical processes, which enables efficient management of the components via a single interface and in a single digital environment, regardless of the difference in components. Moreover, the technology includes a capability to create a variety of different models, in line with the industry specific requirements that the enterprise operates in. This provides enterprises with obvious benefits in terms of meeting their specific needs.

An example use case of Digital Twins' implementation is predictive analytics. Imagine a hydroelectric power station. Minimal pump run working every day with a specific site of pressure, but suddenly a pump starts pumping faster or slower, which is abnormal.

Without IoT it would be difficult to spot this issue, and this could have far-reaching consequences, anywhere from disruptions in internal manufacturing processes all the way to power outage in the entire region, where the station is located. But by using Digital Twins technology, the station can create very detailed digital models of all the pumps and reflect the models on the screen of a responsible specialist.

The specialist can see the functioning deviations instantly and in the event, trigger countermeasures to prevent the issue from escalating out of control. This application has tremendous value when we talk about Smart Cities. In addition to averting catastrophic, with Digital Twins, the data about the abnormal functioning becomes part of

A Big Data set which can be used to prevent such fall-outs across many hydroelectric stations and other industrial companies.

Another application for IoT is security. Digital identity is gaining relevance and consequently attracting more interest from users, who are keeping pace with technologies and constantly searching for vulnerable links as new opportunities for data breaches. Artificial intelligence (AI) and real-time data analytics, powered by sophisticated Machine Learning algorithms, will not only help timely detection, but also predict and prevent a hacker's 'footprintings'.

Even if hackers steal a phone or sim card, they will remain unsuccessful, as the confidential information of the user will be saved with a smart combination of modern IoT technologies. Moreover, the information about the fraudulent activities will get further to the Big Data one, turning into useful knowledge for fraud prevention across millions of other devices.

Intelligent CIO, Middle East

**INTELLIGENT MOBILE TECHNOLOGY**

**Nexign Partners with Bubbletone to deliver revolutionary Blockchain solution for telcos**

The platform creates a global marketplace where operators can publish and share product information as well as buy and resell as-is, or bundle, offerings from other operators.

Nexign and Bubbletone have announced an exclusive partnership to develop an industry-first Blockchain-based Business Support System (BSS) solution for the telecom sector.

The two companies aim to create a global marketplace for telecom operators, giving them the ability to collaborate with each other and consequently offer individually determined volumes and qualities of services to end users, an option that has not previously existed.

By facilitating seamless and secure exchange of financial and identity information between mobile network operators, phone users and service providers, the solution will enable roaming users to instantly purchase service packages, at local operator rates, using their existing SIM card.

As a consequence, operators will benefit from BSS with embedded Blockchain, enabling them to increase the efficiency of their business through rapid and seamless joining of the Bubbletone platform. Once operators join the platform, they will be able to expand their customer base and increase revenue without any additional costs, through distribution of digital value-added services.

Nuri Morozov, CEO and Founder of Bubbletone Blockchain for Telcom, said: "The idea behind this project is to attract as many mobile operators as possible to the Bubbletone ecosystem and show them how easily they can take full advantage of Blockchain technology and get direct access to the international telecom market in the digital economy era."

"Thanks to our exclusive partnership with Nexign, we will be able to provide mobile operators with a complete solution – for smooth incorporation into our Blockchain-based platform – that doesn't require any hardware customisation or advanced integration processes."

According to Research and Markets, Blockchain in the telecom market is predicted to grow at a CAGR of 44.4% between 2018 and 2023, driven in large part by increasing support for 5G/B5G processes. The Blockchain-based BSS solution from Nexign and Bubbletone has the potential to revolutionise the way operators do business and reverse services, for three key reasons:

- The platform creates a global marketplace to open up a range of new and exciting opportunities for operators around the world and we are confident that the exclusive collaboration between Nexign and Bubbletone will result in an industry-leading Blockchain-based BSS solution that will deliver business value seamlessly on a global scale.
- Blockchain technology has the potential to open up a range of new and exciting opportunities for operators around the world and we are confident that the exclusive collaboration between Nexign and Bubbletone will result in an industry-leading Blockchain-based BSS solution that will deliver business value seamlessly on a global scale.

Intelligent Tech Channels, Middle East

**VIEWPOINT**

Press [Esc] to exit full screen

**SHARING THE MOBILE TRAFFIC BURDEN**

ALEXEY VEDIN, DIRECTOR OF NETWORK MONETISATION PRODUCTS, NEXIGN, ON WHY CSPs, ASPs AND OTTs MUST WORK TOGETHER IN PERFECT HARMONY

user experience (UX). According to OpenSignal's September 2018 "State of Mobile Video" report, download speed is just one factor influencing UX. The consistency of connection speed and signal delay also have an impact on the overall video experience.

While congestion management solutions available in some telco-specific business support system (BSS) suites can help mitigate such issues—such as ability to provide subscribers fast access to priority applications even in peak-use periods, dynamically manage temporary failures on radio and core networks, improve UX for high-value subscribers, and prioritise mission-critical communication traffic for dedicated groups of subscribers—CSPs and content providers will have a much better chance of overcoming the obstacles to outstanding UX if they partner up and integrate their solutions. The resulting benefits of such ventures accrue to all involved parties.

**Benefits for all**

The technical solution that enables such a partnership is the Service Capability Exposure Function (SCEF). With this functionality, CSPs have the opportunity to securely expose their network and infrastructure to a host of partners, such as application service providers, content providers and IoT platforms.

The benefits of these partnerships extend to both operator and partners

throughout sat at 36 exabytes (EB) per month this year, that will climb to 23 EB per month, and next year to 34 EB. By 2021, we'll be seeing monthly global data traffic of 49 EB. That's an increase of 44%, 48% and 45% respectively. The trend is bound to put pressure on CSPs struggling to deliver consistent quality of service. Consumers born into the digital era—who have grown up with a smartphone in one hand and a tablet in the other—are even less likely to forgive transgressions in the form of service drops, slow downloads or grumpy, stuttering content.

**Sharing the load**

That's the challenge CSPs must address, to compete in the Age of Content. Carefully considered strategies have the potential to boost subscriber loyalty. Think about the millennial—digitally savvy, informed, impatient and demanding. This is the new subscriber base. The one-step shop is a must, if you are to keep them loyal. Fortunately, CSPs can find allies among application service providers (ASPs) and over-the-top (OTT) service providers. These companies are also concerned about the end

ways of delivering more to customers, using less resources. Machine-to-machine (M2M) communication is facilitated by the ASP-CSP partnership model. IoT can be integrated more smoothly, with the parallel architecture now responsible for the co-ordination of background data transfer, device triggering functions, event monitoring, Non-IP Data Delivery (NDD) and group message delivery.

**Facing the future, together**

This fresh model of collaboration with content providers, to improve UX together and stay competitive, will be vital for the CSP looking to reduce costs while transforming itself into a digital service provider. The ability to manage new content subscribers and packages for each subscriber directly reduces time to market and boosts customer satisfaction and loyalty in ways previously unthinkable.

As CSPs steer ahead with their digital transformation efforts in 2019—looking for ways to enhance operations without risky infrastructure investments—partnering with the very companies that rely most on backend O2Cs is a great way to share the burden of more demanding consumers. By standing together, CSPs and their ASP and OTT partners can realise themselves from the rigours of an increasingly competitive market and boost UX to loyalty-generating heights.

CXO Insight, Middle East

**The investments we made in 2017  
allowed us to achieve the best results  
of the past five years**



#### **A MESSAGE**

from the Chairman of the Board of Directors

In 2018, Nexign enjoyed real success in implementing its strategic plans for entering the global market and developing a new product line. The investments we made in 2017 allowed us to achieve the best results of the past five years. Armed with our new brand, Nexign entered the international market as a strong player focused on results and ready to take the next step together with our customers.

Telecom operators' expectations of the IT solutions providers they work with are ever-increasing. Customers are looking for a reliable partner, not just a vendor. It is important to them that we make decisions together, create joint project teams, and work to achieve a shared outcome. That is precisely how Nexign works with our key customers, and we are ready to demonstrate our partner-centric approach on the international stage.

The technological and functional advantages of Nexign's portfolio, combined with our unique 27-year track record of transforming Tier 1 telecom operators' businesses, allow

the company to confidently compete with major international providers whose positions are traditionally strong in our priority regions. At the same time, Nexign's strategy and competitiveness are built not only on the expanded functional possibilities of our products, but also on non-functional qualities: transparency about total cost of ownership, flexibility in conducting business, and a customised approach.

I am confident that the company will continue to grow unabated as part of ICS Holding, both with respect to revenue and with respect to the expansion of our influence on the international market. Nexign will continue to refine its product solutions in line with the latest industry trends, predicting and staying ahead of those factors that directly affect customers' businesses and ensuring stable growth and development in its target regions.

**Mikhail Dubin**





**Employees' intellect, work ethic, and knowledge are crucial to any company's success. Holding needs the best specialists and the most cutting-edge products**



#### **A MESSAGE**

from the CEO of ICS Holding

2018 was a turning point for ICS Holding. We continued working to create a multidisciplinary structure including some leading IT companies, and made some significant acquisitions on the Russian ICT market.

Today, Holding brings together 25 companies, each of which is unique, possessing its own technical developments, products, and approach to business solutions. At ICS Holding, Russian market leaders are joined by young, progressive companies. Our strategic goal is to unite all our assets in a single, functional, effective ecosystem primed to achieve clear leadership in the field of telecommunications solutions.

Employees' intellect, work ethic, and knowledge are crucial to any company's success. Holding needs the best specialists and the most cutting-edge products. And that is precisely what I saw in Nexign.

Nexign is one of our largest assets. The company's products will become part of a complete line of IT solutions brought into being by ICS Holding. I am aware that the company possesses unique technologies incorporated into its products, a highly professional in-house team that includes internationally recognised experts, a large customer base, and many years' experience on the international market.

Nexign is an important element of our new telecommunications system. I am confident that Nexign will continue its successful growth in 2019, and that the company's synergy with all of Holding's companies will allow it to more quickly make its goals a reality as it pursues its course of strategic development.

**Anton Cherepennikov**

**Joining the ICS Holding ecosystem will give us access to new technologies, while joining forces with other companies in the group will allow us to make our products even more competitive**



#### A MESSAGE

from Nexign's CEO

This past year was a pivotal one in the history of our company. In early 2018, at Mobile World Congress in Barcelona, we revealed our rebranding and announced a product line which we finished developing in late 2018, all in line with the strategy we developed and approved in 2017. The new brand and products were received positively by current and potential customers, partners, and analysts.

We began to actively develop our business in the Middle East, Africa, and Southeast Asia and to consolidate our local position in these regions, opening a company office in Dubai (UAE) and hiring strong professionals with many years of experience in the telecom industry for our regional teams. Our company was invited to tender by nationwide mobile operators and gained new customers: our biggest deal in the last year was the contract we signed with Uzbektelecom.

We are seeing favourable conditions in our target regions and great potential for those of our products with development roadmaps featuring points that have state backing and are of particular interest to the market (such as IoT, 5G, and blockchain). Our experience executing large-scale digital transformation projects has been widely acknowledged, and our project with the company MegaFon was nominated for the prestigious TM Forum Excellence Awards.

We remain committed to the growth and evolution of our partner ecosystem: over the last year, we signed agreements with two major

international systems integrators, Wipro and Infosys, and are continuing our intensive work to develop regional partnerships. Together with our exclusive partner Bubbletone, we presented the global telecom community with our innovative TeleChain Broker solution, the first solution in the industry's history to be based on blockchain technology.

In December 2018, Nexign joined ICS Holding, a dynamic, evolving, multidisciplinary IT group. Joining the ICS Holding ecosystem will give us access to new technologies, while joining forces with other companies in the group will allow us to make our products even more competitive on the market and appealing to customers.

In 2019, we will continue to actively develop and promote our new product line. We are confident that Nexign's international expertise, together with our deep knowledge of technology, trends, and the finer points of the telecom business, will continue to promote the growth of our customers, the largest communications services providers in Russia and the Commonwealth of Independent States. We believe that Nexign's products and solutions have the competitive advantages it will take to transform telecom operators' businesses around the world and open up new opportunities in the age of the digital economy.

**Igor Gorkov**





## STRATEGIC PRIORITIES FOR 2019

The transformation of the telecom service market and consumer behaviour requires industry players to constantly adapt. Telecommunications operators strive to maintain and increase their competitiveness, which is why their business models are in constant flux.

With these trends in mind, Nexign is continuing its expansion on the global IT solutions market, both by extending its geographical reach and by reinforcing its customer base.

### We have established the following priorities for 2019:

1. Signing our first contracts with customers in the Middle East, Africa, and Southeast Asia;
2. Consolidating the company's success in all our key markets;
3. Completing the billing transformation programme at MegaFon;
4. Researching the needs of local communications service providers in depth as we develop new products;
5. Strengthening current partnerships and further cultivating our network of partners.

Nexign is a leading provider of business support systems, Internet of Things platforms, and network monetisation technologies



**Nexign company  
overview**

### AT THE END OF 2018, THE PETER-SERVICE JSC BOARD OF DIRECTORS CONSISTED OF:

- **Mikhail Dubin**, Managing Director for IT Project Management and Development at USM Management LLC and Chairman of the Peter-Service Board of Directors
- **Alexander Esikov**, Advisor to the CEO of USM Management and member of the Peter-Service Board of Directors
- **Pavel Kaplun**, Director for Investment, Mergers, and Acquisitions at CRPT Operator LLC and member of the Peter-Service Board of Directors
- **Anna Serebryanikova**, Deputy CEO for the Digital Economy and Government Relations at USM Management and member of the Peter-Service Board of Directors
- **Anton Cherepennikov**, CEO of ICS Holding and member of the Peter-Service Board of Directors

### THE COMPANY TODAY

Nexign is a leading provider of business support systems, Internet of Things platforms, and network monetisation technologies. The company helps communications service providers to transform their business in the digital economy.

Nexign was the first company in Russia to start developing service solutions for communications service providers, including billing systems, and can rightfully call itself a pioneer in this field.

Since 1992, the company has been developing and implementing practical solutions aimed at reducing the total cost of ownership (TCO) for customers.

Today, as communications service providers become digital service providers, Nexign helps them to accelerate their internal transformations by creating a product line that takes into account businesses' high-tech needs.

Thanks to Nexign's cutting-edge engineering solutions and product and service flexibility, operators can significantly diversify their revenue sources without compromising on service quality.

Nexign has an extensive network of branches and offices across Russia, the Commonwealth of Independent States, Southeast Asia, the Middle East, and Africa. Its headquarters are located in Saint Petersburg, Russia. Over 1800 people currently work for the company.

Nexign has an extensive network of branches and offices across Russia, the Commonwealth of Independent States, Southeast Asia, the Middle East, and Africa



### NEXIGN IS THE BRAND BEHIND PETER-SERVICE JSC AND ITS SUBSIDIARIES:

1. **Ventura Dijital Çözümler Anonim Şirketi**  
**Incorporated in:** Republic of Turkey  
**Scope:** developing technology and modern information-sharing processes in the field of information technologies and software  
**Share of authorised capital** belonging to Peter-Service: 100%
2. **Peter-Service Estonia OÜ**  
**Incorporated in:** Tallin, Republic of Estonia  
**Scope:** programming  
**Share of authorised capital** belonging to Peter-Service: 100%
3. **Peter-Service Ukraine**  
**Incorporated in:** Kyiv, Ukraine  
**Scope:** installing and implementing software by Peter-Service; providing technical support for this software  
**Share of authorised capital** belonging to Peter-Service: 100%

In 2018, Peter-Service also had two limited liability corporations as subsidiaries: Peter-Service Spetstekhnologii (PS ST LLC), with a 49% share of its authorised capital, and the Center for Research in Perspective Technologies, with a 50% share of its authorised capital. However, the subsidiaries' activities were not relevant to the course of action set out in Peter-Service's approved development strategy.

In December 2018, Peter-Service ended its involvement in the subsidiaries by selling its 49% share in PS ST LLC and its 50% share in the Center for Research in Perspective Technologies to USM Technologies LLC.



**OUR MISSION**

is to help telecommunications service providers grow their business in the era of the digital economy, developing and supplying best-in-class products, guaranteeing reliable service, and building long-term partnerships.

Nexign has been a leader in the BSS solutions market for 27 years. Over that time, we have completed more than 120 projects, including digital transformation projects for Tier 1 communications service providers. The company offers its customers best-in-class TCO (25% lower than the market average), as well as a more than 80% reduction in time to market.

OVER  
**120**  
 projects

INCLUDING DIGITAL  
 TRANSFORMATION PROJECTS FOR  
 TIER 1 COMMUNICATIONS SERVICE  
 PROVIDERS

**Nexign has been a leader in the BSS solutions market for 27 years, supporting more than 50 CSPs in 16 countries worldwide**



**IMPORTANT FIGURES FOR 2018**

2018 was a landmark year for Nexign’s business in many ways, demonstrating that the company is moving in the right direction. In line with its chosen strategy, the company is continuing to develop technologies and partnerships aimed at transforming business models and creating new revenue sources for CSPs. In 2018, Nexign was invited to tender for major contracts in CIS countries and other target regions: the Middle East, Africa, and Southeast Asia. Overall, last year’s key financial indicators were the best they

have been in the past five years. Net profits, operational margins, and net cash flow in 2018 exceeded their 2017 levels by a factor of 2.5, thanks in large part to the completion of key implementation stages in projects for two major CSPs in Russia and the CIS. At the same time, it is important to note that the increase in revenue (an 80% increase on the previous period) is significantly less than the rate of increase in net profits, which attests to an increase in the company’s efficiency.

million US	2014	2015	2016	2017	2018
Company revenue	78	103	121	123	210
Operating margin	27	57	70	45	106
Net profit	32	51	58	33	76
Net cash flow	23	48	29	29	68

*All figures in the annual report are taken from management accounts prepared in accordance with the Russian Accounting Standards. The effect of management accounting adjustments on net profit is no more than 2%.*

**It is worth emphasising that the decline in the figures for net profit and operational margin in 2017 was influenced by:**

- a decline in revenue, related to the lifecycle of the MegaFon billing transformation project, which began in December 2014. The majority of the revenue from the delivery of this software developed in previous years was collected in 2016;
- an increase in costs and operating expenses related to the expansion of the company’s activities. This expansion followed the launch of our new strategy and the beginning of the implementation of new investment projects.

Nexign understands the important role of marketing strategy in corporate strategy overall, and is giving special consideration to its development. In 2018, the company spent three times more on marketing than in 2017. The company is confident that these investments will allow us to increase brand recognition and achieve an increase in sales revenue in the long term.

## KEY BENEFITS OF NEXIGN PRODUCTS

Nexign offers high-tech software solutions developed with contemporary global market trends in mind. Today's telecommunications companies need IT products that allow for agile interactions with other market players, along with closer control over BSS spending and increased transparency and efficiency. Providers aim to create ecosystems that allow third-party access so they can collaborate effectively with partners, while their customers want to be able to access products and services immediately through any channel they wish. Through our use of open APIs, Nexign is laying the groundwork for the digital transformation of Tier 1 and Tier 2 CSPs, opening up a range of opportunities for fast-paced business growth and increased revenue. Nexign's transparent and agile methodology ensures best-in-class TCO and helps to speed up new programme launches by optimising and digitalising workflows.

**The following were some of the key benefits for CSPs most often ascribed by analytics companies to Nexign's solutions in 2018:**

- 1.** The optimisation of total cost of ownership thanks to flexible and dynamic products and open cloud architecture
- 2.** The comprehensiveness of our product portfolio, which allows providers to benefit from the use of existing investments in BSS solutions and network monetisation as well as to deliver new projects based on new technologies such as 5G, the Internet of Things, and blockchain
- 3.** The ability to satisfy even the most demanding and tech-savvy subscribers while implementing the most complex commercial projects, thanks to our 27 years of experience supporting Tier 1 and Tier 2 CSPs



## RESEARCH AND DEVELOPMENT CENTRE



In 2018, Nexign made R&D one of its principal strategic priorities. We invested 65% more in product development and improvement than we did in 2017. The most important outcomes of our R&D work are the high agility of our product solutions and their competitiveness in the global market. We currently have 300 world-class experts working in R&D.

**65%**  
MORE INVESTED IN PRODUCT  
DEVELOPMENT AND REFINEMENT  
THAN IN 2017

In a globalising economy, our company is committed to adapting the solutions we develop to the high standards of the international market



Nexign has been a leader in the high-tech market for more than 27 years, an achievement which was made possible only by constantly developing and refining our product portfolio. In a globalising economy, our company is committed to adapting the solutions we develop to the high standards of the international market, allowing Nexign to successfully compete with leading global telecom solutions providers.

**In 2018, the company's R&D centre prepared the first release of our new Nexign Digital BSS, which included the following key features:**

**Optimisation of web apps for cloud technology (for deployment to Amazon Web Services):**

- Each app is made up of independent components, expanded with the aid of containers;
- All components have APIs.

**Creation of microservice architecture, with ZooKeeper and Docker responsible for orchestration:**

- ZooKeeper is used for storing app configurations and connection data;
- Docker containers simplify scaling and allow for independent app deployment.

**Dynamic workflow configuration (with Camunda):**

- A simple mechanism for entering changes to process configurations at the delivery stage;
- A basic set of processes for work with customers, contracts, and jobs.

**Simple integration of channel applications through API-based frontend construction:**

- To increase solution agility, the same APIs are used for both internal interfacing channels and external applications;
- REST APIs with Swagger support ensure ease of development.

## PRODUCTS AND SERVICES OVERVIEW

Nexign's goal is to create high-quality product solutions that guarantee customers robust growth in the digital economy. The company aims to transform communications service providers' business models and provide them with opportunities to expand their sources of revenue.

The telecommunications service market is characterised by growing subscriber demand for varied and more personalised offerings. The B2B2X (business-to-business-to-X) model is increasingly coming to the fore. These factors

necessitate that CSPs diversify their revenue streams, using the opportunities opened up by IoT, 5G, and blockchain technologies. At the same time, the need to reduce total cost of ownership (TCO) is obliging providers to expand their use of cloud technology and virtualisation and work towards effective coordination with other industry players. New functionality in Nexign's product portfolio introduced in 2018 will allow CSPs to build global digital partnerships and reap the benefits of an open ecosystem, including increased business agility, accelerated integration, and TCO optimisation.



## NEXIGN DIGITAL BSS

An end-to-end platform delivering full-stack BSS functionality to drive communications service providers' digital transformation. Nexign Digital BSS is built on a solid foundation of converged billing and a real-time network monetisation platform, enhanced by centralised product management.

### KEY BENEFITS:

- Omni-channel customer experience;
- Digital partner ecosystem enablement;
- Boosting revenue using a unified approach to traditional and non-telecom revenue streams with support for complex offerings and settlement methods;
- Reduced time-to-market for new digital products and services;
- Rapid introduction of new functionality thanks to DevOps approach;
- Compliance with TM Forum and 3GPP industry standards and 5G support;
- Cloud deployment support;
- Convergent architecture;
- All core BSS functions via a single comprehensive product.



**In recent years, the telecommunications service market has been undergoing a process of digital transformation that has dramatically altered CSPs' business models.**

**Stagnating revenue from traditional communications services has prompted telecom providers to diversify their revenue streams and include new digital products in their portfolios. Nexign Digital BSS's functionality is in line with all key market trends:**

**EVOLVING MOBILE COMMUNICATIONS STANDARDS: FROM 4G TO 5G** Today, 4G technology predominates: the number of 4G connections has exceeded the number

of 2G connections and is predicted to reach 50% of all connections in 2019. At the same time, 2018 marked an important stage in the development of 5G technology: the relevant

**Nexign Digital BSS facilitates digital transformation for CSPs, allowing them to grasp new opportunities to grow their businesses and increase their revenues**



3GPP standards defining the core network of CSPs were documented and published. The mass launch of 5G on a global scale is expected no earlier than 2020. Nexign Digital BSS supports 5G technology.

### CREATING PARTNER ECOSYSTEMS

Communications service providers should have the ability to rapidly integrate new partners, offering them agile collaboration plans, including plans that allow partners to come forward with their own products for joint package offerings.

Nexign Digital BSS offers everything companies need to develop an extensive ecosystem and monetise today's B2B2X scenarios. We allow for omnichannel customer interaction with seamless integration of traditional and digital interfaces by supporting self-service channels and offering the best possible customer service that takes digital realities into account.

### LOW TIME TO MARKET FOR NEW DIGITAL PRODUCTS

Nexign Digital BSS's architecture, which is built around a centralised product catalogue that serves as a single point of configuration for all products, helps to lower TTM from months to weeks.

**REDUCED TCO** Nexign offers the best TCO in its segment.

**\$1.97 trillion**

BY 2022, GLOBAL INVESTMENT IN DIGITAL TRANSFORMATION IS PREDICTED TO REACH \$1.97 TRILLION (IDC)

**15%**

BY 2025, 5G IS EXPECTED TO ACCOUNT FOR 15% OF ALL MOBILE CONNECTIONS (GSMA)



## NEXIGN NETWORK MONETISATION SUITE

A versatile solution for real-time rating, charging, and policy control for all network services: mobile and fixed communications, VAS services, OTT services, and e-commerce.

### KEY BENEFITS:

- Integration with the global digital marketplace using blockchain;
- Direct integration with application service providers and OTT services;
- Flexible traffic management;
- Reduction in time to market;
- Reduction in total cost of ownership;
- 5G- and IoT-readiness;
- Cloud-readiness.



**Nexign Network Monetisation Suite is easy to adapt to customer needs and is constantly evolving in line with market trends:**

### VIRTUALISATION

5G launches would be impossible without the development of Software Defined Network and Network Functions Virtualisation technologies and their appearance in CSPs' technological landscapes. Both fields are developing apace thanks to leading Tier 1 providers who are drawing on the open source community.

### BLOCKCHAIN

Blockchain technology is currently evolving rapidly. We are seeing a shift in solutions offerings from the B2C segment to the more conservative and technologically complex B2B.

In 2018, Nexign announced its exclusive partnership with blockchain solution developer Bubbletone. Nexign and Bubbletone collaborated to create the innovative TeleChain Broker solution, a secure digital blockchain-based marketplace with seamless BSS integration. When they connect to the marketplace, CSPs across the world will be able to create new roaming products and package offerings with digital offerings that go beyond communications services. Providers will be able to create individual packages for their roaming subscribers. This product is the first of its kind on the global market and has already attracted the attention of major

**This product allows providers to diversify their revenue sources, accelerate the launch of new services (including 5G and IoT services), increase customer loyalty, and optimise their TCO**



CSPs both in Russia and abroad. This solution opens up new opportunities to attract B2C and B2B customers, including in the IoT field. It also allows providers to significantly increase roaming services revenue.

**THE EMBEDDED SIM CARD (ESIM)** technology developed and introduced worldwide by the GSMA continues to gain universal recognition. In 2018, the new ecosystem reached a good level of maturity thanks to support for eSIM technology and the launch of new eSIM-based services by US, European, Chinese, Japanese, and Thai providers.

### MOBILE MONEY

Mobile devices have become a key channel for information-sharing, now generating more than 50% of all web traffic. Growing numbers of people use smartphones and tablets to make purchases online. Taking advantage of this trend, CSPs are increasingly offering various mobile money services, competing with traditional financial organisations.

**\$300 billion**

BY 2025, GLOBAL REVENUE FROM 5G SERVICES IS EXPECTED TO REACH \$300 BILLION (JUNIPER RESEARCH)

**77.9%**

THE MARKET FOR BLOCKCHAIN-BASED SOLUTIONS FOR THE TELECOM INDUSTRY IS EXPECTED TO GROW BY 77.9% YEAR-ON-YEAR (INFOHOLIC RESEARCH)

## NEXIGN IoT PLATFORM

Nexign IoT Platform helps CSPs to increase their revenue by offering new IoT services, and lets enterprises focus on their business by digitalising workflows and reducing costs. The platform complies with 3GPP and OneM2M standards, and allows IoT devices to be managed, IoT data to be collected and analysed, and IoT apps to be integrated. It also allows partner ecosystems to be created to offer comprehensive solutions to enterprises. Nexign IoT Platform provides an advanced level of security while helping businesses to achieve their IoT goals with maximum efficiency.

### KEY BENEFITS:

#### For communications service providers

- New monetisation models;
- Increase in corporate customers;
- Optimal TCO.

#### For organisations

- Focus on business;
- Reduced operating costs;
- High level of security.



**As IoT technologies continue their rapid evolution, Nexign is constantly improving its IoT platform in line with market demand, particularly in the following areas:**

### INDUSTRIAL IoT

Continued development of the industrial Internet of Things to help enterprises to complete their digital transformation, reduce costs, and increase productivity.

### IoT SECURITY

Ensuring the security of both solutions and the services built around them through analyses of device behaviour and IoT data, for objectives such as fraud prevention.

### SMART CITY

Centralised management and online monitoring of urban flows with the goal of reducing spending, optimising resource use, and responding promptly to incidents.

### DIGITAL TWINS

The ability to create digital twins (models of physical devices) in digital space in order to monitor them in real time, without the need to interact with the physical devices directly.

**Nexign IoT Platform helps CSPs increase their revenue by bringing new IoT services to market and allowing enterprises to optimise their workflows**



**\$1.1 trillion**

BY 2025, THE GLOBAL IOT MARKET IS EXPECTED TO REACH \$1.1 TRILLION, COMPARED TO \$166 BILLION IN 2016 (GSMA INTELLIGENCE)

**18%**

THANKS TO NEXIGN IOT PLATFORM, A TIER 1 CSP INCREASED ITS IOT MARKET SHARE FROM 19% TO 37% WITHIN THREE YEARS

## NEXIGN SERVICES

Nexign offers comprehensive customer support, ensuring that its customers can make high-quality and maximally efficient use of its product solutions. In addition, the Nexign team provides consulting services to optimise businesses and introduce new cutting-edge practices. Our 27-year track record enables us to successfully implement digital transformation for Tier 1 and Tier 2 communications service providers while keeping costs low and workflows uninterrupted.

### **BUSINESS TRANSFORMATION DELIVERY SERVICES**

Our work with customers is based on a combination of Agile and DevOps methodologies, and is carried out as a collaboration between the Nexign team and the customer's team on cloud management platforms. Thanks to this approach, customers can immerse themselves in project activities, immediately access exhaustive information about project progress, and monitor the business transformation process at every stage. Integrating contractor and customer teams allows us to achieve impressive business results and fulfil customer tasks on time and within budget.

### **OPERATIONAL EXCELLENCE CONSULTING SERVICES**

The speed at which new services are brought to market is a critically important parameter for CSPs looking to preserve their competitive

advantage. Nexign helps customers to fine-tune their internal ecosystem so that all of its elements help accelerate business processes and do not impede communication with end users. The company offers consulting services in the following areas:

- Business process modelling, audit, and reengineering;
- Solutions design;
- Identifying optimal project configuration and managing implementation;
- Knowledge transfer.

Thanks to their collaborations with Nexign, providers have achieved record results in areas including shortening TTM, reducing accompanying spending (by up to 30%), optimising and automating business processes, improving the quality of their offerings, and increasing the transparency of interactions between IT and other departments.

### **DIGITAL BUSINESS SUPPORT**

Nexign offers customers various technical support and consultation programmes, including 24/7/365 support. Customers are free to choose the maintenance option that suits them best. The technical assistance that comes with Digital Business Support is not restricted by time zone and ensures that customers' problems are resolved as quickly as possible.

Working with Nexign lets telecom providers focus on their core business objectives, including expanding their customer base and increasing revenue



## KEY BENEFITS

▲ MAXIMUM PROCESS TRANSPARENCY FOR THE CUSTOMER

▲ CLOSE COLLABORATION BETWEEN THE CUSTOMER'S TEAM AND NEXIGN

▲ AGILE APPROACH TO PROJECT EXECUTION, DEVOPS-BASED DEVELOPMENT AND DELIVERY

▲ CLOUD PLATFORM TO AUTOMATE DELIVERY PROCESS

▲ SERVICE QUALITY GUARANTEED BY TRANSPARENT SLAS

## KEY PRINCIPLES OF OUR WORK WITH CUSTOMERS AND PARTNERS

### BASIC PRINCIPLES:

- **Nexign prioritises** its collaborations with customers, which are based on openness, transparency, and building long-term partnerships;
- **Nexign is committed** to meeting all its customers' business needs;
- **Nexign uses** a variety of approaches to project management. Chief among them is the combination of Agile and DevOps methods, to which the company owes its deep integration of its own team with the customer's team. This allows us to save time at all stages of the project lifecycle and achieve the best possible results in the shortest possible timeframe.

Markets' and customers' requirements are increasing faster with every passing year. To preserve their leading positions in high-tech business, companies must constantly improve and offer fundamentally new solutions. Throughout 2018, Nexign prioritised analysis of

our business processes with the goal of further streamlining them.

The company is continually working to introduce new technologies and international best practices. Nexign is a tight-knit team of

### TRUSTED BY OVER 50 CUSTOMERS



In 2018, the company's main customers were major mobile and landline service providers whose combined subscriber base totalled over 200 million subscribers



professionals who all contribute to optimising and refining products and services and who are all conscious of their personal responsibility to colleagues, management, and customers for the outcomes of their work.

In 2018, the company's main customers were major mobile and landline service providers whose combined subscriber base totalled over 200 million subscribers. Nexign's solutions for creating new revenue streams and raising profit margins help providers to claim and maintain leading positions on their regional markets. Today, Nexign's solutions support more than 50 CSPs in 16 countries around the world.

### PARTNERS

Nexign is mindful of its choice of partners and how it collaborates with them. The company creates strategic alliances with leading international developers. Merging teams allows us to strengthen our position on new markets, complete major projects, and increase brand recognition.

### TECHNOLOGIES



### SOFTWARE



### GLOBAL PARTNERS



The rapid development of digital technology and evolution of end user demands are leading to major changes in the telecommunications market and require increased agility and openness



**Success stories**



**Company:** MegaFon

**Region:** Russia and Tajikistan

**Number of subscribers:** 76 million

**Nexign solution:** Nexign Digital BSS

**Year introduced:** 2015

#### SUCCESS STORY SUMMARY

Unifying billing systems is always a challenge, but try unifying seven different systems across 10,000 kilometres.

MegaFon succeeded with help from Nexign, which developed a unique Nexign Digital BSS solution.

**Nexign introduced a single integrated BSS platform for convergent pricing and billing that allowed for TCO optimisation and completely satisfied MegaFon's requirements**



#### BACKGROUND

MegaFon has always been a trendsetter and a technology pioneer. It was the first company among mobile operators to introduce standards for 3G, 4G, LTE, and LTE Advanced.

Today MegaFon is a leading pan-Russian provider of digital opportunities, operating across all segments of the telecommunications market.

In 2009, MegaFon underwent a significant restructuring as part of corporate expansion plans. All branches were combined into a single company, resulting in seven separate billing systems.

Each billing system was customised to meet the requirements of the relevant branch. However, even MegaFon's high-end hardware couldn't keep pace with rapid subscriber growth and the creation of new products and services.

Time to market (TTM) for new products and services is a key differentiator in the telecommunications industry. MegaFon was struggling to ensure a competitive TTM because each branch required a different time period to configure different billing settings.

MegaFon decided to replace the seven billing systems with a new, world-class unified billing system. The goal was to achieve the following strategic initiatives:

- Realise digital and business transformation
- Improve the customer experience and quality of service
- Centralise and accelerate the process of launching new business initiatives
- Create an ecosystem that enables the rapid integration of external partners
- Optimise the total cost of ownership (TCO)
- Become technological leaders in the Russian telecommunications market



**Thanks to its modular design, this world-class BSS has allowed MegaFon to reduce TTM by a factor of three, improve the customer experience, and unify business processes and organisational structures at a federal level.**

**Sergey Nikiforets**

Digital Services Director, MegaFon

### THE SOLUTION

After evaluating several Business Support System (BSS) solutions on the market, MegaFon decided to partner with Nexign to deploy an entirely new, one-of-a-kind billing system.

Nexign delivered an end-to-end unified BSS for convergent rating and billing that optimises TCO and fully supports MegaFon's digital

transformation. It delivers ultra-high levels of availability, reliability, and capacity, thanks to a flexible, distributed architecture based on physical and logical redundancy and load sharing.

This isn't the first time MegaFon and Nexign have worked together. They've collaborated on projects since 1996, making their partnership the longest in MegaFon's history.



**With its ability to support a subscriber base of over 100 million and accommodate complex pricing policies adjustable in real time, the Nexign Digital BSS currently has no equivalents on the market.**

**Sergey Nikiforets**

Digital Services Director, MegaFon

"We have a true partnership with Nexign," said Andrey Knyazev, Business Systems Director at MegaFon. "Unlike most projects that have a clear client-vendor relationship, this was a joint project between MegaFon and Nexign—two companies working as one team with one set of goals."

One of those goals was a smooth implementation. Nexign's DevOps delivery model and the billing system's distributed architecture allow the system to be updated with no downtime and no impact on subscribers. The system uses unique, cutting-edge technologies and tools such as Cassandra, CouchBase, and Tarantool.

**There is no Russian or global BSS product as multifaceted as MegaFon's. It is the ideal solution for a pan-Russian provider of digital opportunities and a leader in the global telecommunications industry**



### THE RESULTS

#### **Reduces TTM for new products and services:**

Nexign reduced TTM by a factor of three, enabling MegaFon to not only maintain its competitive edge in the industry, but to surge ahead of the pack. Nexign also accelerated integration with business partners and is helping MegaFon to build its next-generation product catalogue, which simplifies the partner experience for faster deployment.

#### **Achieves ultra-high levels of availability, reliability and capacity:**

To support MegaFon's exponential growth, Nexign developed a flexible and reliable convergent billing system that easily supports today's peak load of more than 50,000 charging and policy transactions per second. The system is built on mature

components produced by Nexign that have been used in projects all over the world. Modern and aligned with industry standards, the system helps MegaFon to increase revenue by creating new capabilities for network monetisation while keeping the user experience transparent for subscribers.

#### **Optimises TCO and supports long-term growth:**

There is no Russian or global BSS product as multifaceted as MegaFon's. It is the ideal solution for a pan-Russian provider of digital opportunities and a leader in the global telecommunications industry.



**A big benefit of working with Nexign is the delivery method. Throughout implementation, legacy systems continued running, so business initiatives and subscribers were not affected.**

**Andrey Zhikin**

Head of Commercial Direction for the Unified Billing Project at MegaFon



**Company:** Chinguitel Telecom Company Limited  
**Region:** Northwest Africa  
**Number of subscribers:** Over 1 million  
**Nexign solution:** Nexign Digital BSS, Nexign Network Monetisation Suite  
**Year of deployment:** 2017

#### SUCCESS STORY SUMMARY

Chinguitel is one of the largest communications service providers in Mauritania.

When Chinguitel's billing system failed to bill subscribers accurately and revenue decreased, the company worked quickly to resolve the problem. Chinguitel compared solutions from several companies and chose Nexign.

Nexign is helping Chinguitel to address the challenges of digitalisation, including digitising business processes to support growth.



#### THE CHALLENGE

Chinguitel has an excellent reputation for providing subscribers with top-notch services and constantly innovating.

To improve subscriber services, Chinguitel replaced its outdated, inflexible billing system with a modern, converged solution designed for the digital era.

#### THE SOLUTION

Following careful consideration of several solutions, Chinguitel chose Nexign's Business Support System and Network Monetisation Suite.

"Nexign unifies each subscriber's services, enabling us to bill accurately," Almamoun said. "Nexign also helps us to be more competitive. We're creating innovative new services that meet subscribers' specific needs. Revenue is increasing by 10% each year."

Chinguitel launched 27 new subscriber services within the first 12 months of implementing Nexign. Almamoun said one of the most lucrative new services is based on geographical location.

"We target locations where our market share is low and offer a service that is extremely competitive," he said. "We gain new subscribers, and they gain best-in-class service."

Chinguitel's subscriber base is growing fast. It is expected to reach 1.5 million by the end of 2019.

"We have more leverage in the market than ever before because Nexign makes business operations more efficient," Almamoun said. "With unified subscriber information, our call centre is able to resolve issues more efficiently. Before we deployed Nexign, subscribers' details were scattered in several locations,



**Nexign Digital BSS and Nexign Network Monetisation Suite were the obvious choice. Billing and charging are more accurate, revenue is up by 10%, and our subscriber base is expected to reach 1.5 million by the end of 2019.**

**Radi Abdalla Ali Almamoun**  
Chief Technology Officer, Chinguitel



and calls were often sent to the technical team for resolution. Thanks to Nexign, calls to the technical team have decreased by 40%, allowing them to focus on core duties such as reporting and analysis, which also improves business efficiency.”

Efficiency is Nexign’s hallmark. Shortly after Nexign completed implementation, Mauritania’s government announced an overhaul of the country’s currency, which significantly altered its value. Nexign integrated the changes into Chinguitel’s billing system within three weeks.

“If Nexign hadn’t acted so quickly and efficiently, the government could have fined us up to USD \$200,000,” Almamoun said. “One of the things we value most about Nexign is their loyalty. They didn’t just leave after deploying their solution – they’ve been providing support

for us ever since. Nexign manages our billing system so we can focus on providing the very best subscriber services.”

The very best subscriber services include digital services. Nexign is helping Chinguitel to address the challenges of digitalisation, including digitising business processes to support growth, enabling analytic-based decisions to improve business agility, and creating more subscriber services to increase loyalty and diversify revenue streams.

“We have plans to capitalise on the Internet of Things (IoT) so we can provide subscribers with more personalised, relevant services,” Almamoun said. “We’re confident our digital transformation will be successful and efficient with Nexign.”



**One of the key reasons for selecting Nexign was efficiency. The Nexign team implemented our new billing system and migrated our subscribers in a record time of just over seven months, whereas Nexign’s competitors said they needed up to 18 months to complete the project.**

**Radi Abdalla Ali Almamoun**  
Chief Technology Officer, Chinguitel

**Thanks to Nexign, all of Moldcell’s subscribers were migrated to a single convergent billing platform with no interruptions to their service or critical business processes**



#### THE RESULTS

**Modern, converged solution boosts revenue by 10% annually:** Nexign Digital BSS and Nexign Network Monetisation Suite make business operations more efficient, giving Chinguitel more leverage in the market to boost revenue.

**Subscriber base is projected to increase by 50%:** Nexign gives Chinguitel the flexibility to offer new, competitive services that are predicted to grow the subscriber base to 1.5 million by the end of 2019.

**Digital transformation will support long-term growth:** Nexign’s engineering excellence, customised processes, which allow the company to reduce spending and develop revenue-stream diversification, will help Chinguitel to digitise its business.



Moldcell is a leading Moldavian mobile operator serving more than 1.5 million subscribers. With cutting-edge technologies and a strong connectivity base, Moldcell is a critical hub in the digital ecosystem, maintaining an open line of communication between people, companies, and societies. Moldcell is part of the Telia Company, a leading global telecom provider.

#### THE CHALLENGE

Only a highly experienced vendor capable of working flexibly with their customer could satisfy Moldcell’s specific convergent billing system needs. Nexign rose to the challenge, implementing a convergent billing solution quickly and efficiently.

#### THE RESULTS

Thanks to Nexign, all of Moldcell’s subscribers were migrated to a single convergent billing platform with no disruptions to their service or critical business processes. As a result, Moldcell was able to reduce maintenance costs while improving reliability.



**Company:** Kyrgyztelecom  
**Region:** Kyrgyzstan  
**Subscribers:** 456,000  
**Nexign solution:**  
Nexign Converged BSS  
**Year of deployment:** 2019

#### SUCCESS STORY SUMMARY

Kyrgyzstan is a small country, so telecommunications providers are competing for a finite number of customers. Since all providers offer similar prices for services, the provider that offers the best customer experience and most flexible rate plans wins the most customers.

## Kyrgyztelecom improves the customer experience with Nexign



#### THE CHALLENGE

Kyrgyztelecom is a telecommunications provider serving all regions of Kyrgyzstan. It is one of several providers in a relatively small country (it has a population of 6.2 million), so competition for customers is intense.

Kyrgyztelecom has been known for excellent customer service since it was founded in 1993. To maintain that reputation, the company wanted to combine telephony and broadband systems on one platform. The systems were on separate platforms, so when a customer needed phone and Internet services, they had to create two separate accounts and pay two separate bills.

“We wanted each customer to have one account and pay one bill,” said Vladimir Bunin, Head of the Software Division in the Billing System Maintenance & Support Department at Kyrgyztelecom. “It was also very important to offer customers a wider variety of rate plans to meet their individual requirements.”

Kyrgyztelecom couldn’t offer a wide variety of rate plans because rating and charging tools had limited, pre-defined functionality.

“Our subscribers need flexible rate plans, and we strive to meet their needs,” said Vladimir Bunin. “We value every one of our customers.”



**Nexign Converged BSS enables us to offer subscribers two things we couldn’t offer before. Each subscriber will have a single account rather than several accounts, making it easier for them to see all of their services in one place and pay for them. We can also create a wider variety of rate plans to meet subscribers’ diverse needs. Our industry is very competitive, so the customer experience must be exceptional.**

#### Vladimir Bunin

Head of Software Division, Billing System Maintenance & Support Department, Kyrgyztelecom

### THE SOLUTION

Kyrgyztelecom met with several vendors. Each offered multi-platform solutions, except for Nexign.

The Nexign Converged BSS solution combines phone services and broadband on one platform. When Kyrgyztelecom develops a global system for mobile communication (GSM), that will be on this platform, too

“Now we can provide each subscriber with a single account,” Bunin said. “They can see all of their services in one place and pay one bill. It’s faster and easier for them, which improves the customer experience.”

The Nexign solution includes Nexign Network Monetisation Suite for online billing and policy management. Nexign Network Monetisation Suite features a revenue management system to improve the management of accounts receivable.

“Nexign helps us do something else we couldn’t do before,” Bunin said. “We can create new rate plans to meet subscribers’ diverse

needs. Customer loyalty is sacred to us – every customer counts.”

Another way Kyrgyztelecom is improving the customer experience is by providing customer service representatives with a more intuitive user interface. It helps them identify issues faster and offer solutions. Now representatives serve subscribers twice as fast.

“The customer experience is key in our industry,” Bunin explained. “The improvements we’re making will likely grow our subscriber base.”

Kyrgyztelecom can grow the subscriber base as large as it wants. The Nexign solution is designed to support more than 1.5 million subscribers.

Bunin noted one additional benefit. “Nexign provides us with high-quality technical support in a timely manner. Their support is professional and always complies with our service level agreements. They’re more than a vendor to us. They’re a partner.”

**For the first time, Kyrgyztelecom can create flexible rate plans that align with customers’ diverse needs**



### THE RESULTS

#### **Combines telephony and broadband on one platform.**

Now Kyrgyztelecom can consolidate customer data in a single account for each subscriber. Subscribers see all services in one place and pay one bill.

#### **Enables the creation and rollout of new, flexible rate plans.**

For the first time, Kyrgyztelecom can create flexible rate plans that align with customers’ diverse needs. Flexible rate plans give Kyrgyztelecom a competitive edge.

#### **Speeds up customer service and scales for the future.**

Customer service representatives can identify and resolve subscribers’ problems twice as fast now. This is especially important as the subscriber base grows. The Nexign Converged BSS solution accommodates more than 1.5 million subscribers.



**Nexign provides high-quality technical support in a timely manner. Their support is professional and always complies with our service level agreements. They’re more than a vendor – they’re a reliable partner.**

#### **Vladimir Bunin**

Head of Software Division, Billing System Maintenance & Support Department, Kyrgyztelecom



We know our field and today's job market well and work constantly to improve our recruitment and onboarding processes



**Human capital**

## COMPANY MANAGEMENT



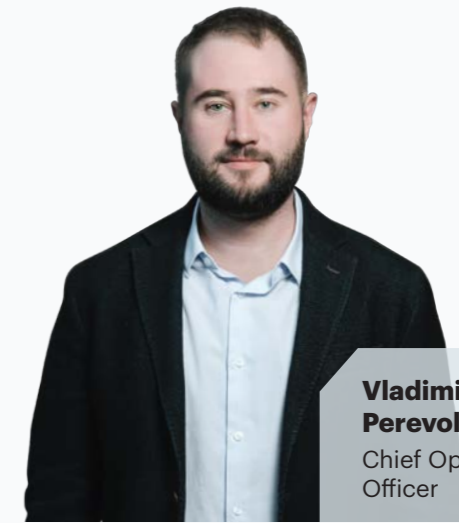
**Igor Gorkov**  
CEO



**Alexey Volynkin**  
Chief Business  
Officer



**Yulia Poslavskaya**  
Corporate  
Communications  
Director



**Vladimir  
Perevolotskiy**  
Chief Operating  
Officer



**Andrey Bronfin**  
Chief Technology  
Officer



**Natalia Komleva**  
Chief Financial  
Officer



**Ahmad Sayed**  
Regional Director,  
Middle East and Africa



**Andrew Tan**  
Regional Director,  
Southeast Asia



**Olga Dobryakova**  
Chief Human Resources  
Officer



**Loukas Tzitzis**  
Chief Products and  
Marketing Officer



**Maksim Anashkin**  
Regional Director,  
CIS and Russia



**Andrey Gulidin**  
Account Management  
Director



Nexign values employees' contributions to our growing business and uses various methods to motivate our team, including intangible rewards. In 2018, the company awarded individual and team prizes for the most outstanding results in various fields. The awards were given in four categories that corresponded to Nexign's new corporate values:

**#OneTeamOneDNA** – for teambuilding contributions

**#OwnResult** – for quality of work, contributions to company growth and results achieved

**#DriveChange** – for readiness to learn, to share knowledge and ideas, and the ability to solve the most difficult problems and overcome any obstacles

**#ThinkCustomer** – for quality of customer relationships and striving to meet customer needs to the fullest extent possible

**+668**

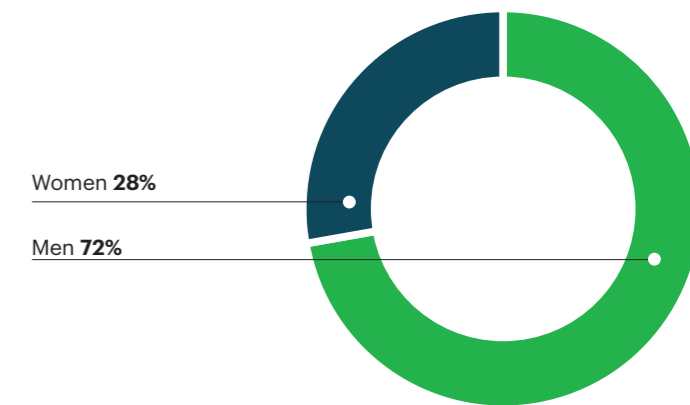
NEW EMPLOYEES,  
62% MORE THAN IN 2017

### OUR WORK FORCE

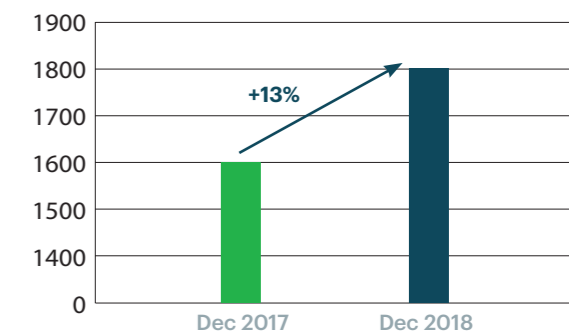
Nexign has in-depth knowledge of the IT and telecom industries, as well as the trends on today's job market. We work constantly to improve our recruitment and onboarding processes, attract high-quality talent and create a well-developed and straightforward motivation system.

In 2018, the company continued to grow its productive capacity in line with our chosen strategy for expansion into new target markets. Over the course of the year, the company hired 668 new employees, 62% more than in 2017. Now our team numbers 1819 people, including 32 outside of Russia, in Azerbaijan, Belarus, Greece, Armenia, Kazakhstan, Lithuania, Kyrgyzstan, Ukraine, and Moldova. The company is also represented by contractors in Ukraine, Turkey, Singapore, Germany, the UAE, and Israel.

Nexign provides decent working conditions for all its workers, from experienced experts to young professionals, with a high potential for growth, regardless of gender and physical ability. Eleven people with disabilities work alongside their able-bodied colleagues at the company. Nexign is a fairly young company: the average employee age is 34.



Employee count growth rate



Distribution of workers outside of Russia as of 31/12/2018

Employees:	Independent contractors:
Azerbaijan 1	Ukraine 21
Armenia 1	Turkey 2
Belarus 7	Singapore 3
Greece 1	Germany 1
Kazakhstan 10	UAE 3
Kyrgyzstan 1	Israel 4
Lithuania 1	
Moldova 1	
Ukraine 9	
<b>Total</b>	<b>32</b>
	<b>34</b>

Nexign is a community of people with common values



**Corporate social  
responsibility**



#### CORPORATE SOCIAL RESPONSIBILITY

Nexign is a community of people with common values. The company recognises its corporate social responsibilities and makes sure that all Nexign team members are on the same page about their various aspects, which include:

- environmental responsibility;
- social responsibility to colleagues, customers, and partners;
- innovating to meet society's needs;
- running a trustworthy business and combating corruption – in 2018, representatives of Baker&Mckenzie led

training courses for Nexign employees aimed at fostering an anti-corruption culture, in keeping with the company's anti-corruption policy;

- creating a culture of ethical behaviour and integrity that promotes transparency in business on a global level.

Nexign considers corporate social responsibility to be an indispensable part of the development of our company and our brand.

The office is equipped with an enhanced security system with biometric identification fingerprint scanners, as well as an advanced emergency warning system



#### NEW NEXIGN HEADQUARTERS

In 2018, the company moved to a new, comfortable office, located at 4 Uralskaya Street, Saint Petersburg. We recruited Russian architectural firm UNK Project, which has worked with companies including Google, Microsoft, Mail.ru, and Disney Studios, to design our space in the new building.



The office on Uralskaya Street features over 9000 m2 of space and 5 floors, with office space, conference rooms for various kinds of meetings, a gym, a doctor's office, relaxation areas, and lunch spaces.

The 400-square-metre roof is home to an open-air terrace, where employees can hold team meetings, get fresh air as they work, or take a break on the comfortable couches during the warmer months.

Nexign's office is fitted with everything that people with physical disabilities need to

independently navigate the space. The office is equipped with an enhanced security system with biometric identification fingerprint scanners, as well as an advanced emergency warning system, and all necessary fire extinguishing systems.





### TALENT SUPPORT

Our company has built a multifaceted professional development and skills upgrading system for our employees. Every year, workers attend training courses and take part in industry conferences and business events. Our Study Project Laboratory and NX Academy Training Centre have been successfully conducting various educational programmes for over two years.

Nexign is invested in growing our professional ecosystem, and we are working to create the next generation of experts in different fields. The company collaborates and actively partners with Russian STEM universities that have top programmes in fields related to information technology. As part of the Nexign Bootcamp in 2018, 46 students interned in departments including R&D, analytics, tech support, maintenance, and testing. 29 interns received job offers.

Nexign is invested in growing our professional ecosystem, and we are working to build a future generation of experts in different fields



### In 2018, Nexign specialists also gave lectures and taught classes:

- A year-long course on Java programming for students at Saint Petersburg ITMO University taught by a member of the NX Academy staff;
- Public lectures for students in IT-related fields at universities including ITMO and St. Petersburg Polytechnic University (SPbPU).

In 2019, Saint Petersburg's leading STEM universities – the Saint Petersburg State University of Aerospace Instrumentation (SUAI), ITMO and SPbPU – were invited to participate in the Nexign Bootcamp. We are also considering inviting universities from other regions of Russia.

### EDUCATIONAL PROJECTS

In 2018, Nexign continued to develop our educational projects, which include:

- **The School for Software Testers:** This project trains young employees in software testing theory and the basics of manual and automated code quality testing. The programme is free for all participants and led by the company's best professionals;
- **NX meet-ups:** Nexign regularly hosts professional meet-ups with guest experts in project development, testing, and management.

This is a platform for IT professionals to discuss today's most pressing questions. Over 500 people attended the company's meet-ups in 2018.

## COMMUNITY SERVICE CAMPAIGNS

In 2018, Nexign participated in various community service events and organised its own charity campaigns:

- We held a volunteer clean-up day at the Home for Disabled Children No. 1 in Peterhof, where we painted benches, litter bins, swings, and gazebos;
- The company held two blood drives in 2018 with a total participation of around 80 people, and as part of the Bravery Box campaign, the donors spent part of the compensation they received for food to buy boxes of toys for hospital rooms, to cheer up young patients;
- Together with the foundations AdVita and Anton's Right Here, we organised the #GivingTuesday charity fair;
- We organised a charity drive for AdVita's visiting patients – thanks to the campaign, children with cancer who were forced to spend the New Year in hospital were able to receive presents;
- The Charity Instead of Presents campaign took money earmarked for gifts for our partners and spent it on organising a party for the care recipients at the Enjoying Old Age foundation;
- The company participated in the Project for Real Wizards campaign, where employees brought New Year's presents to children from children's homes.

### ENVIRONMENTAL RESPONSIBILITY

Nexign is intentional about its interactions with the environment and reduces the impact from its waste:

- The company uses only reusable dishes and paper plates in our office kitchens;
- All offices are equipped with receptacles for plastic lids and for used batteries.

The company recognises its corporate social responsibilities and makes sure that all Nexign team members are on the same page about them



## ANTI-CORRUPTION POLICY

Nexign has a zero-tolerance approach to corruption. The company's anti-corruption policy, in effect since 2013, is fully compliant with Russian Federation law and reflects the requirements outlined in the US Foreign Corrupt Practices Act and the UK Bribery Act.

### NEXIGN'S GUIDING PRINCIPLES IN THE FIGHT AGAINST CORRUPTION:

- Our leadership's mission: creating an ethical standard that rejects corruption in all forms wherever it appears, whether in everyday activities or strategic projects (a zero-tolerance policy);
- Periodic risk assessment: identifying and updating our corruption risk barometer;
- Appropriate anti-corruption procedures: developing and introducing procedures to reduce identified corruption risks;
- Contractor checks: assessing contractors' tolerance of corruption in accordance with established procedure;
- Regular information-sharing and education: publishing our anti-corruption policy on our corporate portal, sharing information and encouraging employees to follow the policy's key principles and requirements. In 2018, representatives of Baker&Mckenzie led training courses for Nexign employees aimed at fostering an anti-corruption culture;
- Monitoring and control: compliance control and improvements to appropriate corruption prevention procedures.

Nexign prioritises combating  
corruption



## RISK MANAGEMENT

Nexign's activities, like those of any company, are attended by various kinds of risks that can cause us to fail to achieve our goals. Nexign recognises the existence of risks and strives to manage them systematically.

Nexign's goal in this area is to boost the effectiveness of management decisions by analysing their accompanying risks, as well as to ensure maximum effectiveness of our risk management activities as these decisions are carried out.

**Nexign is guided by the following general principles:**

- Risk awareness: Company management is regularly informed of risks, and the management system allows for horizontal flows of information about risks;
- Efficient risk management: Risk management decisions are made on the basis of a cost-benefit analysis;
- Continuity: continual risk identification, assessment and management and subsequent analysis of the effectiveness of our risk management system.

Today's high-tech market is characterised by highly competitive world players. In addition, our BSS solutions are directly vulnerable to social risks related to potential changes in subscriber behaviour. Nexign strives to predict not only future demand from our customers, but also the needs of their subscribers and align our work with industry trends.

Nexign's activities have never been political – the company is exclusively focused on growing our business and building long-term partnerships with our customers. Nonetheless, in May 2018 the company was included by Ukraine in a list of companies subject to sanctions. Because of the restrictions imposed upon us, the company was forced to suspend its activities in the country after completely fulfilling our obligations to our customers as outlined in their contracts.

Such events highlight the need for the geographical diversification of our business, which is part of our ongoing strategy.



# AUDIT REPORT

JSC MCD

**PKF**

**Independent Auditor's Report  
on Annual Financial Statements of  
PETER-SERVICE Joint Stock Company  
for the year ended December 31, 2018**

**St. Petersburg  
2019**

## INDEPENDENT AUDITOR'S REPORT

**to the Shareholders of  
PETER-SERVICE, Joint Stock Company**

### Opinion

We have audited the accompanying annual financial statements of PETER-SERVICE, Joint Stock Company (OGRN: 1027809251774, located at 4 Lit. B, Office # 19H, Uralskaya Street, St. Petersburg, 199155, Russia) which comprises:

- the Balance Sheet as at December 31, 2018
- the Statement of Financial Result for the year of 2018
- appendices to the Balance Sheet and those to the Statement of Financial Result for the year of 2018, including:
  - the Statement on Changes in Equity for the year of 2018
  - the Cash Flow Statement for the year of 2018
  - the notes to Balance Sheet and the Statement of Financial Result for the year then ended, including a summary of the major provisions of the accounting policy.

In our opinion, the accompanying annual financial statements present fairly, in all material respects, the financial position of PETER-SERVICE, Joint Stock Company as at December 31, 2018, and their financial performance and cash flows for the year then ended in accordance with Russian Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further set forth in *The Auditor's Responsibility for the Audit of the Annual Financial Statements* section of our report.

We are independent of PETER-SERVICE, Joint Stock Company in accordance with the Independence Rules for Auditors and Audit Firms and the Code of Ethics for Professional Auditors, which comply with IESBA (International Ethics Standards Board for Accountants) Code of Ethics for Professional Accountants and Russian ethical requirements applied to our audit of annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with the these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibility of the Management of PETER-SERVICE, Joint Stock Company for the Annual Financial Statements

The management of PETER-SERVICE, Joint Stock Company is responsible for the preparation and fair presentation of these annual financial statements in accordance with Russian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management is responsible for assessing the ability of PETER-SERVICE, Joint Stock Company to continue as a going concern, disclosing, as applicable, matters related to going concern and not using the going concern basis of accounting where the management either intends to liquidate PETER-SERVICE, Joint Stock Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibility for the Audit of Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the annual 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.
- b) 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 purposes of expressing an opinion on the effectiveness of the internal control of PETER-SERVICE, Joint Stock Company.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of PETER-SERVICE, Joint Stock Company.
- d) Conclude on the appropriateness of the use by the management of the audited entity 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 ability of PETER-SERVICE, Joint Stock Company 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 annual 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 PETER-SERVICE, Joint Stock Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management of PETER-SERVICE, Joint Stock Company charged with governance regarding, among other matters, the planned scope and timing of the audit and the

significant audit findings during the audit, including any significant deficiencies in internal control that we identify during our audit.

Signature



**Deputy General Director for Audit -  
Head of Audit Department of JSC MCD**  
**Artur V. Gazaryan**  
*Qualification Certificate*  
*No. 02-000238 dated September 10, 2012*  
*ORNZ 21606070950*



**Auditing Firm**  
JSC MCD  
OGRN: 1027810263579  
Legal address: 60, Lit. A, Office No. 1054,  
Bolshoy Sampsonievsky Prospekt, St. Petersburg,  
194044, Russia  
JSC MCD is a member of self-regulatory organization  
of auditors nonprofit partnership  
Auditing Association Sodruzhestvo  
Registration Record No.: 11606048526

March 04, 2019

JSC MCD is a member firm of the PKF International Limited family of legally independent firms and do not accept any responsibility or liability for the actions or failures to act of any of individual member or correspondent firm or firms.

Appendix No. 1  
to Order of the Ministry of Finance of  
Russia dated July 02, 2010 No. 66n  
(amended by Orders the Ministry of  
Finance of Russia dated October 05, 2011  
No. 124n, dated April 06, 2015 No. 57n)

Form 0710001 page 2

**Balance Sheet**  
**As for December 31, 2018**

OKUD Form		0710001	
Date (day, month, year)	26	2	2019
Company name	PETER-SERVICE, JOINT-STOCK COMPANY		
Tax ID Number	11150642		
	7801019126		
Economic activity type code	62.0		
Form of incorporation/Ownership type (as per)	Non-public joint stock company/Joint private and foreign ownership		
	12267	34	
	384		

Measurement unit: thousand rubles

OKPO Code  
INN Code  
OKVED Code  
OKOPF Code  
OKFS Code  
OKEI Code

Location (Address) 4 Lit. B Office 19H, Uralskaya Street, Saint Petersburg 199155

Notes <sup>1</sup>	Item description <sup>2</sup>	Code	As for December 31, 2018 <sup>3</sup>	As for December 31, 2017 <sup>4</sup>	As for December 31, 2016 <sup>5</sup>
<b>ASSETS</b>					
<b>I. NON-CURRENT ASSETS</b>					
1.1	Intangible assets	1110	61,518	8,258	16,386
	Research and development	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
2.1	Fixed assets	1150	351,549	248,339	295,361
	Income-bearing investments in tangible assets	1160	-	-	-
3.1	Financial investments	1170	193,364	4,611,294	118,515
	Deferred tax assets	1180	144,896	101,163	44,004
	Other non-current assets	1190	597,461	179,990	58,281
	<b>Total of Section I</b>	<b>1100</b>	<b>1,348,788</b>	<b>5,149,044</b>	<b>532,547</b>
<b>II. CURRENT ASSETS</b>					
4.1	Inventories, including MATERIALS	1210	393,112	195,207	185,601
	WORK-IN PROGRESS EXPENSES	12102	349,842	54,844	22,037
	DEFERRED EXPENSES	12103	37,395	137,495	159,502
	VAT on value items acquired	1220	9,803	11,196	2,305
5.1	Accounts receivable	1230	3,346,814	2,684,777	1,954,254
	Including long-term accounts receivable	12301	473,380	561,067	44,098
	Short-term accounts receivable	12302	2,873,434	2,123,710	1,910,156
3.1	Financial investments (other than cash equivalents)	1240	4,012,332	919,340	1,132,600
	Cash and cash equivalents	1250	89,848	118,798	517,445
	Other current assets	1260	7,396	3,716	781
	<b>Total of Section II</b>	<b>1200</b>	<b>7,859,305</b>	<b>3,933,034</b>	<b>3,792,986</b>
	<b>BALANCE</b>	<b>1600</b>	<b>9,208,093</b>	<b>9,082,078</b>	<b>4,325,533</b>

Notes <sup>1</sup>	Item description <sup>2</sup>	Code	As for December 31, 2018 <sup>3</sup>	As for December 31, 2017 <sup>4</sup>	As for December 31, 2016 <sup>5</sup>
<b>LIABILITIES</b>					
<b>III. CAPITAL AND RESERVES<sup>6</sup></b>					
	Authorized capital (pooled capital, authorized fund, contributions of partners)	1310	26	26	26
	Shares repurchased from the shareholders	1320	( - ) <sup>7</sup>	( - )	( - )
	Revaluation of non-current assets	1340	2	2	2
	Added capital (without revaluation)	1350	-	-	-
	Reserve capital	1360	13	13	13
	Retained earnings (undistributed loss)	1370	5,998,385	5,768,148	3,793,720
	<b>Total of Section III</b>	<b>1300</b>	<b>5,998,426</b>	<b>5,768,189</b>	<b>3,793,761</b>
<b>IV. LONG-TERM LIABILITIES</b>					
	Borrowings	1410	1,200,000	-	-
	Deferred tax liabilities	1420	-	-	-
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	20,145	594	-
	<b>Total of Section IV</b>	<b>1400</b>	<b>1,220,145</b>	<b>594</b>	<b>-</b>
<b>V. SHORT-TERM LIABILITIES</b>					
	Borrowings	1510	2,116	2,256,542	-
5.3	Accounts payable	1520	1,304,463	590,084	403,421
	Deferred revenues	1530	-	-	-
7	Estimated liabilities	1540	660,308	465,370	128,351
	Other liabilities	15401	660,308	465,370	128,351
	Including PROVISION FOR VACATION AND PREMIUMS PAYMENT	1550	22,635	1,299	-
	<b>Total of Section V</b>	<b>1500</b>	<b>1,987,522</b>	<b>3,313,295</b>	<b>531,772</b>
	<b>BALANCE</b>	<b>1700</b>	<b>9,208,093</b>	<b>9,082,078</b>	<b>4,325,533</b>

CEO /signature/ I. Gorkov

February 26, 2019

Notes

- To be specified the number of a respective note to the balance sheet and profit and loss statement.
- According to the Accounting Regulations PBU 4/99 "Accounting Statements of an Organization" approved by Order of the Ministry of finance of the Russian Federation dated July 06, 1999 No. 43n (under the conclusion of the Justice Ministry of the Russian Federation No. 6417-PK dated August 06, 1999 the said Order is not required to be registered by the state), the parameters of some assets, liabilities can be shown in aggregate amounts, with the disclosure in the notes to the Balance Sheet, in case each of the parameters separately is not material for the assessment by stakeholders of the financial status of a company or the financial results of its business.
- The reporting date of the accounting period is stated.
- The previous year is stated.
- The year preceding the previous one is stated.
- Non-profit organizations name the section as Target Financing. Instead of the terms Authorized capital (pooled capital, authorized fund, contributions of partners), Shares repurchased from the shareholders, Added capital, Reserve capital and Retained earnings (undistributed loss), the terms Mutual investment fund, Specific Capital, Target Funds, Property and Valuables fund, Reserve and other Trust Funds shall be used instead (depending on the form of non-profit organization and the sources of property formation).
- Hereinafter and below in the statements the indicator deducted or negative indicator shall be shown in parentheses.

Appendix No. 1  
to Order of the Ministry of Finance of  
Russia dated July 02, 2010 No. 66n  
(amended by Orders the Ministry of  
Finance of Russia dated October 05, 2011  
No.124n, dated April 06, 2015 No. 57n)


**Profit and Loss Statement**  
**As for December 31, 2018**

Company name	PETER-SERVICE, JOINT-STOCK COMPANY	OKUD Form	0710002		
Tax ID Number		Date (day, month, year)	26	2	2019
Economic activity type code	Development of computer software, consulting services in the sphere and other related services	OKPO Code	11150642		
Form of incorporation/Ownership type (as per)	Non-public joint stock company/Joint private and foreign ownership	INN Code	7801019126		
		OKVED Code	62.0		
		OKOPF OKFS	12267	34	
		OKEI Code	384		

Measurement unit: thousand rubles

Notes <sup>1</sup>	Item description <sup>2</sup>	Code	As for December 31, 2018 <sup>3</sup>	As for December 31, 2017 <sup>4</sup>
	Revenue <sup>5</sup>	2110	13,145,707	7,180,503
6	Net cost of sales	2120	(3,866,315)	(2,831,128)
	Gross profit (loss)	2100	9,279,392	4,349,375
6	Business expenses	2210	(220,180)	(50,159)
6	Administration expenses	2220	(2,310,072)	(1,517,424)
	Sales profit (loss)	2200	6,749,140	2,781,792
	Income from equity participation	2310	-	-
	Interest receivable	2320	321,542	415,985
	Interest payable	2330	(69,912)	(126,404)
	Other income	2340	307,979	49,523
	Including FOREIGN EXCHANGE GAIN	23401	295,082	39,303
	Other expenses	2350	(475,213)	(638,952)
	Including FOREIGN EXCHANGE LOSSES	23501	(139,467)	(69,176)
	Profit (loss) before tax	2300	6,833,536	2,481,944
	Current profit tax	2410	(1,290,917)	(601,277)
	Including regular tax liabilities (assets)	2421	69,053	115,486
	Changes in deferred tax liabilities	2430	-	-
	Changes in deferred tax assets	2450	32,145	57,159
	Other	2460	(426,954)	36,602
	Including Penalties, additional taxation as a result of tax authorities audit	2460	(426,172)	-
	Write-down of deferred liabilities	2460	(782)	-
	<b>Net profit (loss)</b>	<b>2400</b>	<b>5,147,810</b>	<b>1,974,428</b>

Notes <sup>1</sup>	Item description <sup>2</sup>	Code	As for December 31, 2018 <sup>3</sup>	As for December 31, 2017 <sup>4</sup>
	Result of revaluation of non-current assets not to be included into the net profit (loss) for the period	2510	-	-
	Result of other operations not to be included into the net profit (loss) for the period	2520	-	-
	Aggregate financial result of the period <sup>6</sup>	2500	5,147,810	1,974,428
	FOR REFERENCE Basic earnings (loss) per share	2900	-	-
	Diluted earnings (loss) per share	2910	-	-

CEO  I.L. Gorkov  
February 26, 2019

- Notes
- To be specified the number of a respective note to the balance sheet and profit and loss statement.
  - According to the Accounting Regulations PBU 4/99 "Accounting Statements of an Organization", approved by Order of the Ministry of finance of the Russian Federation dated July 06, 1999 No. 43n (under the conclusion of the Justice Ministry of the Russian Federation No. 6417-PK dated August 06, 1999 the said Order is not required to be registered by the state), the parameters of some assets, liabilities can be shown in aggregate amounts, with the disclosure in the notes to the Balance Sheet, in case each of the parameters separately is not material for the assessment by stakeholders of the financial status of a company or the financial results of its business.
  - The accounting period is stated.
  - The previous year period is stated that is similar to the accounting one.
  - Proceeds are shown net of value added tax and excises.
  - Aggregate financial result of the period is determined as sum total of lines "Net Profit (Loss)", "Result of Revaluation of Non-Current Assets not to be included into the Net Profit (Loss) for the Period" and "Results of Other Operations not to be included into the Net Profit (Loss) for the Period"



**nexign**

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