

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six months ended 30 June 2025****1. GENERAL INFORMATION**

Kcell JSC (the Company) was established as a limited liability partnership (GSM Kazakhstan OJSC Kazakhtelecom LLP) on 1 June 1998 to design, construct and operate a cellular telecommunications network in the Republic of Kazakhstan, using the GSM (Global System for Mobile Communications) standard.

The Company's registered address is Alimzhanova 51, Almaty, the Republic of Kazakhstan.

On 27 August 2012, the Ministry of Justice registered the Company as a Joint Stock Company.

The Group operates by 3G, 4G, LTE and 5G licenses.

As at 30 June 2025 and December 2024 the Company is controlled by Kazakhtelecom JSC. Kazakhtelecom JSC is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund Samruk-Kazyna JSC (Samruk-Kazyna) which owns 79.2% of Kazakhtelecom's issued common shares. Issued shares of the Company are listed on the Kazakhstan Stock Exchange (KASE).

As at 30 June 2025 and 31 December 2024, the Company has the following principal subsidiary:

	30 June 2025 (unaudited)	31 December 2024
KazNet Media LLP	100%	100%

The accompanying interim condensed consolidated financial statements include the financial statements of Kcell JSC and its subsidiary (the Group).

The interim condensed consolidated financial statements were authorised for issue by the Chairman of the Management Board on 7 August 2025.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 30 June 2025 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

The interim condensed consolidated financial statements are presented in Kazakhstani tenge and all amounts are rounded to the nearest millions, except when otherwise indicated.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Going concern

As of 30 June 2025, the Group's current liabilities exceeded its current assets by 84,037 million tenge (31 December 2024: 69,004 million tenge). The Group's current liabilities mainly comprise short-term loans and borrowings in the amount of 61,638 million tenge, trade and other payables in the amount of 40,117 million tenge, taxes payable in the amount of 3,315 million tenge and other current financial and non-financial liabilities.

The management believes that the Group will continue its activity in accordance with the principle of going concern, and in making such a judgement, the management took into account current intentions of the Group and its financial position. In particular, the following factors were reviewed in estimating the ability of the Group to continue its activities in accordance with the going concern principle:

- The Group plans to continue generating positive net operating cash flows;
- Effective financial management of net working capital;
- The amount of short-term borrowings includes bonds acquired by Samruk-Kazyna in the amount of 40,000 million tenge, comprising the first and fifth tranches of 15,000 million tenge and 25,000 million tenge, respectively. The contractual maturity dates of these bonds are October 2027 and June 2028. As disclosed in *Note 11*, these borrowings are presented as current liabilities due to contractual terms that allow for their early redemption. Management does not expect such early redemption to occur and anticipates that the bonds will be settled in accordance with the original repayment schedule, in 2027 and 2028.
- As at the date of issue of these financial statements, the Group has the opportunity to attract additional funds on arm's length terms under available unutilized credit lines for a total amount of 66,500 million tenge.
- Diversification of funding sources.

Thus, the Group's management believes that the Group will continue its activities accordance with the principle of going concern during the next 12 months from the date of authorization of these financial statements.

Foreign currency translation

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the official rate established by the KASE and published by the National Bank of the Republic of Kazakhstan (the NBRK) at the reporting date. All differences are recognized in the interim condensed consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The following table summarises the foreign currency exchange rates for tenge:

	30 June 2025	31 December 2024
US dollar	520.39	523.54
Euro	609.58	546.47
Russian ruble	6.63	4.99

3. MATERIAL ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group (continued)

Several amendments apply for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have an impact on the Group's financial statements.

4. SHARE CAPITAL AND EARNINGS PER SHARE

As at 30 June 2025 and 31 December 2024, the shareholders of the Company are presented as follows:

	30 June 2025		31 December 2024	
	Share	Number of shares	Share	Number of shares
Kazakhtelecom JSC	51.00%	102,000,000	51.00%	102,000,000
Private Company KC HOLDING LTD	14.87%	29,745,215	14.87%	29,745,215
ALATAU CITY BANK JSC	9.08%	18,167,753	9.08%	18,167,753
Single accumulative pension fund JSC	7.21%	14,424,841	7.10%	14,207,642
ZHASYL DAMU JSC	5.53%	11,061,846	2.73%	5,458,754
Samruk-Kazyna	3.29%	6,572,165	2.97%	5,943,939
KAZPOST JSC	2.73%	5,464,732	3.36%	6,719,658
Raiffeisenbank JSC	1.54%	3,070,664	1.54%	3,070,664
Other	4.75%	9,492,784	7.35%	14,686,375
	100.00%	200,000,000	100.00%	200,000,000

The total authorized number of ordinary shares is 200,000,000 shares with a par value of 169 tenge per share, all of which are issued and fully paid.

The calculation of basic and diluted earnings per share is based on the following data:

	For the three months ended		Six months ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
<i>In millions of tenge</i>				
Profit for the period attributable to equity shareholders	4,431	2,168	5,630	5,491
Weighted average number of ordinary shares	200,000,000	200,000,000	200,000,000	200,000,000
Earnings per share (tenge), basic and diluted	22.16	10.84	28.15	27.46

The Group has no dilutive or potentially dilutive securities outstanding.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SHARE CAPITAL AND EARNINGS PER SHARE (continued)

Additional information disclosed in accordance with KASE requirements

The cost of ordinary shares, calculated in accordance with the requirements of the KASE.

According to the requirements of the KASE, the Group has calculated its cost per ordinary share, which was calculated based on the number of ordinary shares outstanding at the reporting date. The cost per ordinary share as at 30 June 2025 and 31 December 2024 is presented below

<i>In millions of tenge</i>	30 June 2025	31 December 2024
Net assets, excluding intangible assets	75,456	64,116
Number of ordinary shares in issue	200,000,000	200,000,000
Cost of ordinary share, calculated in accordance with listing requirements of the KASE (tenge)	377.28	320.58

During the six months ended 30 June 2025 and 2024, the Group did not declare dividends payable.

5. PROPERTY AND EQUIPMENT

During the six-months period ended 30 June 2025, additions to property and equipment totaled to 53,630 million tenge (during the six-months period ended 30 June 2024: 33,480 million tenge), partly funded through utilization of previously paid advances for non-current assets, and 674 million tenge related to an asset retirement obligation asset (during the six-months period ended 30 June 2024: 280 million tenge).

During the six-months period ended 30 June 2025, transfers from construction-in-progress to property and equipment amounted to 30,129 million tenge (during the six-months period ended 30 June 2024: 19,841 million tenge).

During the six-months period ended 30 June 2025, the Group recognised depreciation expense in the amount of 14,371 million tenge (during the six-months period ended 30 June 2024: 9,910 million tenge).

As of 30 June 2025, the historical cost of property and equipment which has been fully depreciated and still in use, was 199,052 million tenge (as of 31 December 2024: 195,646 million tenge).

During the six-months period ended 30 June 2025, the Group has written off the property and equipment with net book value in the amount of 6,042 million tenge (during the six-months period ended 30 June 2024: 1.6 million tenge)

6. INTANGIBLE ASSETS

During the six-months period ended 30 June 2025, the Group acquired intangible assets in the amount of 5,456 million tenge (during the six-months period ended 30 June 2024: 5,611 million tenge).

During the six-months period ended 30 June 2025, the Group recognized amortization expense in the amount of 11,166 million tenge (during the six-months period ended 30 June 2025: 11,089 million tenge).

As of 30 June 2025, the carrying amount of 5G license was 67,630 million tenge (31 December 2024: 70,231 million tenge) and its remaining amortization period was 13 years. As of 30 June 2025, the carrying amount of the 4G license was 9,677 million tenge (31 December 2024: 10,544 million tenge) and its remaining amortization period was 5 years. As of 30 June 2025, the carrying amount of 3G license was 167 million tenge (31 December 2024: 333 million tenge) and its remaining amortization period was 6 months.

As of 30 June 2025, the historical cost of intangible assets, which have been fully amortized and still in use, was 36,469 million tenge (31 December 2024: 34,526 million tenge). During the six months period ended 30 June 2025, the Group has written off the fully amortized intangible assets with historical cost in the amount of 421 million tenge (during the six-months period ended 30 June 2024: 12,075 million tenge)

During 2025, the Group continued developing its own digital products, which will be used by the Group and its clients in the future, such as scoring system, development of SuperApp and internal multichannel tool for partner companies. As of 30 June 2025, the carrying value of development costs included within intangible assets amounted to 5,027 million tenge (31 December 2024: 4,113 million tenge). Costs capitalized as development costs meet the criteria for recognition as intangible assets under IAS 38.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. TRADE RECEIVABLES

As at 30 June 2025 and 31 December 2024, trade receivables comprised of the following:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
Trade receivables from subscribers	34,094	34,383
Trade receivables from interconnect services	1,793	1,840
Trade receivables from dealers and distributors	855	799
Trade receivables from roaming operators	885	779
Trade receivables from related parties (<i>Note 19</i>)	2,417	2,186
Less: allowance for expected credit losses	(5,174)	(8,181)
	34,870	31,806
Less: long-term portion of trade receivables from subscribers	(6,388)	(5,404)
	28,482	26,402

During the six months ended 30 June, movements in the allowance for expected credit losses were as follows:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	30 June 2024 (unaudited)
Allowance for expected credit losses at the beginning of the period	(8,181)	(4,830)
Charge for the period	(1,424)	(2,429)
Write-off for the period	4,431	36
Allowance for expected credit losses at the end of the period	(5,174)	(7,223)

During the six months ended 30 June 2025 the Group recognized 495 million tenge additional provision of an allowance for expected credit losses (during the three months ended 30 June 2024: 1,083 million tenge).

8. INVENTORIES

As of 30 June 2025 and 31 December 2024, inventories comprised:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
Handsets and accessories (at lower of cost and net realizable value)	6,892	7,713
Start packages (at cost)	218	245
SIM-cards (at cost)	159	195
Marketing materials (at cost)	66	31
Other materials (at cost)	1,222	996
	8,557	9,180

During 2025, the Group recognised a write-off of 268 million tenge (2024: 350 million tenge) for inventories carried at net realisable value, which is recognised within general and administrative expenses.

9. OTHER CURRENT NON-FINANCIAL ASSETS

As at 30 June 2025 and 31 December 2024, other current non-financial assets comprised of the following:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
Prepaid taxes other than income taxes	2,996	1,877
Prepaid expenses	1,310	1,150
Advances paid	1,212	1,919
VAT recoverable	808	85
	6,326	5,031

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. CASH AND CASH EQUIVALENTS

As at 30 June 2025 and 31 December 2024, cash and cash equivalents comprised of the following:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
Bank deposits with original maturity of less than 90 days	9,708	7,044
Cash on current bank accounts	937	1,750
Cash on hand	6	7
	10,651	8,801

As of 30 June 2025, short-term bank deposits represent overnight deposits in tenge in Halyk Bank JSC at interest rate 16.00% in the amount of 3,148 million tenge, and deposit in USD at interest rate 3.0% in the amount of 577,064 USD.

Additionally, Kcell JSC placed deposits totaling 12 million USD in Kazpost JSC from 2 June 2025, to 2 July 2025, at an interest rate of 4%.

As at 30 June 2025 and 31 December 2024, cash and cash equivalents were denominated in various currencies as follow:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
US dollars	6,692	5,005
Tenge	3,954	3,795
Euro	5	–
Russian roubles	–	1
	10,651	8,801

11. BORROWINGS

As at 30 June 2025 and 31 December 2024 borrowings comprised of the following:

<i>In millions of tenge</i>	Currency	Effective interest rate	Nominal interest rate	Maturity date	30 June 2025 (unaudited)	31 December 2024
AIX Bonds	Tenge	18,40%	17,00%	September 2027	30,383	30,355
AIX Bonds	Tenge	18,40%	17,00%	June 2028	25,260	–
AIX Bonds	Tenge	18,75%	17,50%	April 2027	15,634	15,572
AIX Bonds	Tenge	18,40%	17,00%	October 2027	15,481	15,430
Bank of China	Tenge	18,40%	17,00%	February 2026	15,081	–
Nurbank JSC	Tenge	17,00%	15,75%	September 2026	6,000	4,000
Nurbank JSC	Tenge	18,40%	17,00%	June 2028	3,805	–
AIX Bonds	Tenge	17,50%	17,50%	June 2025	–	25,282
					111,644	90,639
Less: non-current portion					(50,006)	(47,667)
					61,638	42,972

The Group's borrowings are denominated in Kazakhstani tenge and represented by unsecured loans. The borrowings have financial and non-financial covenants. Breaches in meeting the covenants would permit the banks to immediately call loans and borrowings. As at 30 June 2025 and 31 December 2024, there have been no breaches of the covenants.

The Group has not entered into any hedging arrangements in respect of its interest rate exposures.

Nurbank JSC

In April 2024, the Group repaid 15,000 million tenge for a period of 36 months at a rate of 17.27% per annum.

In April 2024, the Group obtained a loan from Nurbank JSC in the amount of 15,000 million tenge. The effective interest rate on the loan is 16.60% per annum. Maturity date of the loan is 8 September 2026.

In May 2024, the Group obtained a loan from Nurbank JSC in the amount of 3,000 million tenge. The effective interest rate on the loan is 16.60% per annum. Maturity date of the loan is 8 September 2026.

During the six months ended 30 June 2025, the Group received loans from Nurbank JSC of 22,000 million tenge under the open credit line, with the effective interest rates between 17.00% and 18.40% per annum. Maturity date of loans are 8 September 2026 and 24 June 2028.

During the six months ended 30 June 2025, the Group repaid 16,000 million tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. BORROWINGS (continued)

Bank of China Kazakhstan JSC

In June 2024, The Group repaid 2,000 million tenge for a period of 36 months at a rate of 11.10% per annum.

In May 2025, the Group obtained a loan from Bank of China Kazakhstan JSC of 15,000 million tenge with the effective interest rate of 18.40% per annum. Maturity date of the loan is 23 February 2026. The loan is secured by a financial guarantee provided by Kazakhtelecom JSC. The Group considers the financial guarantee provided by parent company to be an integral part of the loan and therefore does not recognize the guarantee separately in consolidated financial statements.

AIX Bonds

In March 2024, the Group approved a bond program for a total amount of KZT 70,000 million at the Astana International Exchange (Astana International Exchange JSC). As part of this program, in the first half of 2024, the Group issued two tranches of bonds with a nominal value of 15,000 million and 25,000 million tenge with a floating interest rate (the coupon rate is calculated as an average of the base rates set by the National Bank of the Republic of Kazakhstan during the coupon period and plus fixed margin of 1 %) with the maturity till April 2027 and June 2025 respectively. In accordance with the terms and conditions of the first tranche of 15,000 million tenge of the bonds program the bondholder can request early redemption of the bonds after 12 months from the date of acquisition of 8 April 2024. Accordingly, the Group classified these bonds within current liabilities.

In September 2024, the Group issued third tranche of bonds with a nominal value of 30,000 million tenge with a floating interest rate (the coupon rate is calculated as an average of the base rates set by the National Bank of the Republic of Kazakhstan during the coupon period and plus fixed margin of 0.5%) with the maturity till September 2027. In accordance with the terms and conditions of the third tranche of 30,000 million tenge of the bonds program the bondholder can request early redemption of the bonds after 36 months from the date of acquisition of 4 September 2024. Accordingly, the Group classified these bonds within non-current liabilities.

In October 2024, the Group increased bond program for a total amount of KZT 100,000 million at the Astana International Exchange (Astana International Exchange JSC). As part of this program, in October 2024, the Group issued fourth tranche of bonds with a nominal value of 15,000 million tenge with a floating interest rate (the coupon rate is calculated as an average of the base rates set by the National Bank of the Republic of Kazakhstan during the coupon period and plus fixed margin of 0.5%) with the maturity till October 2027. In accordance with the terms and conditions of the fourth tranche of 15,000 million tenge of the bonds program the bondholder can request early redemption of the bonds after 24 months from the date of acquisition of 24 October 2024. Accordingly, the Group classified these bonds within non-current liabilities.

In June 2025, the Group redeemed the second tranche of bonds in the amount of 25,000 million tenge and issued the fifth tranche of bonds with a nominal value of 25,000 million tenge with a floating interest rate (the coupon rate is calculated as an average of the base rates set by the National Bank of the Republic of Kazakhstan during the coupon period and plus fixed margin of 0.5%) with the maturity till June 2028. In accordance with the terms and conditions of the fifth tranche of 25,000 million tenge of the bonds program the bondholder can request early redemption of the bonds after 12 months from the date of acquisition of 9 June 2025. Accordingly, the Group classified these bonds within current liabilities.

The bonds were acquired by Samruk-Kazyna JSC.

Halyk Bank of Kazakhstan JSC

In September 2023, the Group signed an agreement on non-revolving credit line with JSC Halyk Bank of Kazakhstan with limit of 50,000 million tenge on investments in capital expenditures. In September 2023 the Group signed an addendum to the existing credit line and extended the limit to 90,500 million tenge with a revolving limit of 40,500 million tenge for working capital financing. During the six months period ended 30 June 2024, the Group received tranches within the credit line in the amount of 41,939 million tenge with a repayment period of 36 months and an effective interest rate of 18.10%-19.20%. During 2024, the Group repaid KZT 70,954 million tenge of principal amount.

Undrawn credit facilities

At 30 June 2025, the Group had available 66,500 million tenge of undrawn committed borrowing facilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. BORROWINGS (continued)

Covenants

The Group's non-current borrowings include borrowings amounting to 50,006 million tenge that contain covenants, which, if not met, would result in the borrowings becoming repayable on demand. These borrowings are otherwise repayable more than 12 months after the end of the reporting period.

As at 30 June 2025 the Group complied with all the covenants that were required to be met on or before 30 June 2025. The covenants that are required to be complied after the end of the current period do not affect the classification of the related borrowings as current or non-current at the end of the current period. Therefore, all these borrowings remain classified as non-current liabilities. The Group does not expect any issues with respect to compliance of the future covenants for the next 12 months from the reporting date.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group's right of use assets are represented by buildings and constructions. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

<i>In millions of tenge</i>	Total
Cost	
As at 1 January 2024 (audited)	64,988
Additions	6,069
Modification	1,672
As at 30 June 2024	72,729
As at 1 January 2025 (audited)	80,601
Additions	1,211
Modification	2,759
As at 30 June 2025	84,571
Accumulated depreciated	
As at 1 January 2024 (audited)	(23,826)
Depreciation charge	(3,543)
As at 30 June 2024	(27,369)
As at 1 January 2025 (audited)	(31,591)
Depreciation charge	(4,036)
As at 30 June 2025	(35,627)
Net book value	
As at 31 December 2024	49,010
As at 30 June 2025	48,944

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<i>In millions of tenge</i>	For six months ended 30 June 2025 (unaudited)	For six months ended 30 June 2024 (unaudited)
At the beginning of the year	51,917	43,557
Interest expenses	2,904	2,852
Payments	(5,843)	(7,222)
Additions	1,211	6,069
Modification	2,759	1,672
At the end of the period	52,948	46,928
Short-term	6,064	5,488
Long-term	46,884	41,440
At the end of the period	52,948	46,928

As of 1 January 2025, lease liabilities comprised short-term and long-term portions of 5,265 million tenge and 46,652 million tenge, respectively (1 January 2024: 5,296 million tenge and 38,261 million tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The following amounts are recognised in profit or loss:

<i>In millions of tenge</i>	For three months ended 30 June		For six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)
Depreciation expense of right-of-use assets	2,039	2,053	4,036	3,543
Interest expense on lease liabilities (Note 17)	1,483	2,274	2,904	2,852
	3,522	4,327	6,940	6,395

13. TRADE PAYABLES

As at 30 June 2025 and 31 December 2024, trade payables comprised of the following:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
Trade payables to third parties	45,203	37,987
Trade payables to related parties (Note 19)	4,269	5,505
	49,472	43,492
Less: long-term portion of trade payables	(9,355)	(3,754)
	40,117	39,738

During 2025 the Group signed a new long-term subscription agreement for the licensed products and software upgrade for the base stations and mutually terminated the previous agreements.

The account payable and property and equipment related to the previous agreements were derecognized.

In the event of termination of the new agreement the Group is obliged to repay the residual amount of unpaid fees in accordance with the agreement. Accordingly, the Group recognized long-term trade payable as of the date of the start of the agreements for the full amount and capitalized it within property and equipment.

As at 30 June 2025 and 31 December 2024, the Group's trade payables were denominated in the following currencies:

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
EUR	25,535	17,313
Tenge	22,382	24,618
US Dollars	1,554	1,554
Other currencies	1	7
	49,472	43,492

14. GOVERNMENT GRANTS

<i>In millions of tenge</i>	For six months ended 30 June 2025 (unaudited)	For six months ended 30 June 2024 (unaudited)
Government grants as at 1 January	27,032	18,137
Received during the period	–	7,375
Released to the consolidated statement of comprehensive income	(2,927)	(2,927)
Government grants as at 30 June	24,105	22,585
Government grants: current portion	5,853	4,800
Government grants: non-current portion	18,252	17,785
Government grants as at 30 June	24,105	22,585

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. GOVERNMENT GRANTS (continued)

As of 1 January 2025, government grants comprised short-term and long-term portions of 5,853 million tenge and 21,179 million tenge, respectively (1 January 2024: 3,746 million tenge and 14,391 million tenge).

In 2021 the Government approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices (the Rules), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from 1 January 2020 till 1 January 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities. As at 30 June 2025 the extension of the grants has not been announced. Therefore, the Group paid the fee for use of radio frequencies in full during the six months ended 30 June 2025.

The funds released as a result of reduction in the annual fee for use of radio frequencies for the six months ended 30 June 2024 in the amount of 7,375 million tenge, were used by the Group for the purchase and construction of broadband internet. Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In millions of tenge</i>	For the three months ended 30 June		For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)
Voice and data services	47,105	46,353	91,231	90,177
Sale of handsets and equipment	9,553	10,408	19,117	18,532
Value added services	3,536	2,083	6,533	5,434
Other	2,807	1,006	5,072	2,739
	63,001	59,850	121,953	116,882
Over time	53,448	49,442	102,836	98,350
At a point of time	9,553	10,408	19,117	18,532
	63,001	59,850	121,953	116,882

As at 30 June 2025 and 31 December 2024, the contract liabilities in the amount of 8,254 million tenge and 8,726 million tenge, respectively, were represented by deferred revenue.

16. COST OF SALES

<i>In millions of tenge</i>	For the three months ended 30 June		For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)*	2025 (unaudited)	2024 (unaudited)
Depreciation and amortization	14,098	12,283	28,354	23,392
Cost of SIM-card and handsets	9,002	11,016	18,128	18,012
Fees for use of frequency range	4,976	4,580	10,256	9,004
Personnel costs	4,578	4,576	9,245	9,105
Transmission services	3,758	3,735	7,667	7,402
Repair and maintenance	3,588	3,241	6,930	6,103
Interconnect fees and expenses	3,035	3,511	5,858	6,736
Electricity	2,323	1,596	4,872	3,330
Network sharing agreement	2,216	1,991	4,083	3,709
Mobile service tax	546	510	1,092	1,019
Security and safety	97	84	192	170
Materials	23	44	81	94
Other	875	1,087	2,005	2,242
	49,115	48,254	98,763	90,318

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. FINANCE COSTS / FINANCE INCOME

<i>In millions of tenge</i>	For the three months ended 30 June		For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)
Finance costs				
Interest expense on loans and bonds	4,585	4,067	8,217	7,908
Interest on lease liabilities (<i>Note 12</i>)	1,483	2,274	2,904	2,852
Unwinding of discount (provision for decommissioning liability)	–	–	448	409
Other	197	96	308	208
	6,265	6,437	11,877	11,377
Finance income				
Unwinding of discount of trade receivables	957	665	1,728	778
Initial recognition of discount on loans	494	502	494	502
Interest income on cash balances and deposit	186	298	319	463
Penalty income from late payments for contract phones	260	51	303	108
Unwinding of issued financial guarantee	–	31	–	31
Other	–	4	–	9
	1,897	1,551	2,844	1,891

18. INCOME TAX EXPENSE

<i>In millions of tenge</i>	For the three months ended 30 June		For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)
Current income tax expense	411	969	778	2,013
Deferred income tax expense	1,063	(229)	1,127	(486)
	1,474	740	1,905	1,527

19. RELATED PARTY DISCLOSURES

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's primary transactions with related parties are consulting services, technical assistance and operational support, transmission rent, roaming and interconnect.

Parent (Kazakhtelecom JSC) is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund Samruk-Kazyna JSC (Samruk-Kazyna) which owns 79.2% of Kazakhtelecom's controlling shares (*Note 1*). Governmental entities include entities under common control and associates of the Government of the Republic of Kazakhstan.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. RELATED PARTY DISCLOSURES (continued)

Related party transactions were made on terms agreed. Sales and purchases with related parties for three months ended 30 June 2025 and 2024, and the balances with related parties as at 30 June 2025 and 2024, were as follows:

<i>In millions of tenge</i>	For the three months ended 30 June		For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)
Sales of goods and services				
Entities of Samruk Kazyna Group	105	129	208	277
Entities of Kazakhtelecom Group	1,560	6,703	2,901	13,052
Government entities	38	86	184	167
	1,703	6,918	3,293	13,496
Purchases of goods and services				
Entities of Samruk Kazyna Group	93	163	157	321
Entities of Kazakhtelecom Group	4,370	14,329	9,335	27,212
Government entities	55	123	119	268
	4,518	14,615	9,611	27,801
Finance expense				
Entities of Samruk Kazyna Group	3,671	813	7,130	813
Other shareholders	–	28	–	42
	3,671	841	7,130	855

<i>In millions of tenge</i>	30 June 2025 (unaudited)	31 December 2024
Trade receivables (Note 7)		
Entities of Samruk Kazyna Group	240	142
Entities of Kazakhtelecom Group	1,254	1,523
Government entities	923	521
	2,417	2,186
Trade payables (Note 13)		
Entities of Samruk Kazyna Group	36	65
Entities of Kazakhtelecom Group	4,208	5,423
Government entities	25	17
	4,269	5,505
Borrowings (Note 11)		
Entities of Samruk Kazyna Group (AIX bonds)	86,758	86,639
Other Shareholders	–	–
	86,758	86,639

Compensation to key management personnel

For the six months ended 30 June 2025 and 2024, the total compensation to key management personnel included in the accompanying consolidated statement of comprehensive income under general and administrative expenses was 356 million tenge and 335 million tenge, respectively. Compensation to key management personnel consists of wages fixed in the employment agreement, as well as remuneration based on the performance for the year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. FINANCIAL INSTRUMENTS

Fair value

The fair value of non-current financial assets is estimated using discounted cash flow based on deposit rates currently available to the Group with similar terms and average maturities. The fair value of non-current financial liabilities is estimated using discounted cash flow based on credit rates currently available to the Group with similar terms and average maturities.

The tables below represents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 30 June 2025 and 31 December 2024 is as follows:

<i>In millions of tenge</i>	Date of valuation	Price quotation on active market (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	Total
Assets for which fair values are disclosed					
Short-term trade receivables	30 June 2025	–	–	28,482	28,482
Long-term trade receivables	30 June 2025	–	–	6,388	6,388
Other current financial assets	30 June 2025	–	–	408	408
Liabilities for which fair values are disclosed					
Borrowings	30 June 2025	–	–	111,644	111,644
Trade payables	30 June 2025	–	–	49,472	49,472

<i>In millions of tenge</i>	Date of valuation	Price quotation on active market (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	Total
Assets for which fair values are disclosed					
Short-term trade receivables	31 December 2024	–	–	26,402	26,402
Long-term trade receivables	31 December 2024	–	–	5,437	5,437
Other current financial assets	31 December 2024	–	–	370	370
Liabilities for which fair values are disclosed					
Borrowings	31 December 2024	–	–	88,633	88,633
Trade payables	31 December 2024	–	–	43,409	43,409

As at 30 June 2025 and 31 December 2024, the carrying amounts of the Group's financial assets and liabilities presented as follow:

<i>In millions of tenge</i>	Carrying amount 30 June 2025	Fair value 30 June 2025	Unrecognised gain/(loss)	Carrying amount 31 December 2024	Fair value 31 December 2024	Unrecognised gain/(loss)
Financial assets						
Cash and cash equivalents	10,651	10,651	–	8,801	8,801	–
Short-term trade receivables	28,482	28,482	–	26,402	26,402	–
Long-term trade receivables	6,388	6,449	(61)	5,404	5,437	(33)
Other current financial assets	408	408	–	370	370	–
Financial liabilities						
Borrowings	111,644	108,306	3,338	90,639	88,633	2,006
Trade payables	49,472	49,424	48	43,492	43,409	83
Total unrecognised change in unrealised fair value			3,325			2,056

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. COMMITMENTS AND CONTINGENT LIABILITIES

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy will largely depend on these reforms, as well as on the effectiveness of the Government's actions in the area of economy, financial and monetary policy.

Capital commitments

The Group generally enters into contracts for the completion of construction projects and purchase of equipment. As at 30 June 2025, the Group had contractual commitments totaling 45,006 million tenge, excluding VAT (as at 31 December 2024: 53,699 million tenge, excluding VAT), which includes capital expenditures in respect new technical regulation.

Antitrust investigation

Investigation of Agency for the Protection and Development of Competition of the Republic of Kazakhstan in relation to highest possible price for mobile services.

In accordance with Order No. 42-OD dated June 15, 2022, issued by the Agency of the Republic of Kazakhstan for Protection and Development of Competition in Almaty (the "APDC"), an investigation was initiated against the Group for potential violation of subparagraph 1) of Article 174 of the Entrepreneurial Code of the Republic of Kazakhstan – "establishment, maintenance of monopolistically high (low) or monopolistically low prices."

The initial audited period covered January 1, 2020 through September 12, 2022. APDC monitored the highest possible price for mobile services for the Kcell brand. The subject of the investigation is to confirm or refute the fact of the violation by the Group maintaining a monopolistically high price aimed at limiting and eliminating competition.

The Group did not agree with the investigation and, on July 26, 2022, appealed the decision to initiate it. Following court proceedings in 2022–2023, the Supreme Court of the Republic of Kazakhstan, by its ruling of November 9, 2023, excluded the year 2022 from the original audit period.

On November 27, 2023, the investigation was resumed. The Group challenged this resumption, and on December 22, 2023, the investigation was suspended due to the filing of a complaint. In 2024–2025, the courts, including the Supreme Court, upheld the decisions to resume the investigation, stating that the case was not subject to consideration under administrative proceedings. The Group's cassation appeal was dismissed.

On January 30, 2025, the Group received a Determination to resume the investigation effective January 29, 2025.

On March 6, 2025, the APDC issued an Administrative Offence Report against the Group under Article 162 of the Administrative Offences Code of the Republic of Kazakhstan (*failure to provide complete information*). Following court proceedings, including an appeal, the Group's complaint was dismissed, and its petition for reconsideration by the Supreme Court was denied. By order of the APDC, the investigation was suspended as of March 11, 2025.

Additionally, the APDC filed a claim to compel the Group to provide certain documents; however, by ruling of June 9, 2025, the court dismissed the claim.

In parallel, the Group challenged the actions of APDC officials related to the submission of requests during the investigation. These claims were transferred by jurisdiction to the Specialized Administrative Court of Atyrau Region but were subsequently withdrawn.

Investigation of Agency for the Protection and Development of Competition of the Republic of Kazakhstan in relation to susception of coordinated actions with competitors

In accordance with Order No. 38-OD dated December 21, 2023, issued by the APDC in Almaty, an investigation was initiated against the Group concerning potential coordinated actions with competitors to establish and maintain prices for telecommunication services during May–July 2023.

As part of the investigation, the APDC sent a request to the Group for information necessary to conduct the investigation. On January 10, 2024, the Group appealed this request to the APDC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Antitrust investigation (continued)

Investigation of Agency for the Protection and Development of Competition of the Republic of Kazakhstan in relation to susception of coordinated actions with competitors (continued)

During 2024, lower courts rejected the Group's appeals. On October 16, 2024, the Group filed a cassation appeal.

By ruling of April 22, 2025, the Administrative Division of the Supreme Court of the Republic of Kazakhstan fully upheld the Group's cassation appeal, overturning the rulings of the lower and appellate courts and remanding the case for new consideration by the Administrative Division of the Almaty City Court with a different panel of judges.

By ruling of June 26, 2025, finalized on June 27, 2025, the Administrative Division of the Almaty City Court declared Order No. 38-OD dated December 21, 2023, on the initiation of the investigation unlawful and annulled it. This ruling has not yet entered into legal force.

Management of the Group has assessed the risk of violation of antimonopoly legislation as possible and, accordingly, as of June 30, 2025, has not recognized a provision for losses in connection with any of the above investigations and notifications.

Notifications of the Mobile Telecom-Service LLP

In 2022, the Group entered into an agreement on network sharing with Mobile Telecom-Service LLP. As part of this agreement, the Group and Mobile Telecom-Service LLP agreed on the construction of new sites and modernization of the existing network ("MOCN Agreement"), which includes penalties for mutual violations of the terms of the agreement. In January 2024, Mobile Telecom-Service LLP sent an official notification to Kcell JSC with request to pay the fine in the amount of 5,716 million tenge in connection with the non-fulfilment of obligations by Kcell JSC under this agreement for 2023.

During 2024 Mobile Telecom-Service LLP (MTS) sent an additional notifications to Kcell with request to pay the fine in the amount of 8,189 million tenge in the connection of non-fulfilment of obligations by Kcell under the network sharing agreement.

In addition to the above-mentioned violation, during April-August 2024 MTS and Kcell notified each other on withdrawal from certain regions due to the failure to eliminate the Critical Failure (situation when failure to meet the deadlines for the launch of more than 60% of the sites in the responsible region) within three months from the date of notification of the Critical Failure. Under the MOCN Agreement the companies are required to reimburse costs for the construction of the sites in the respective regions where Critical Failure was not resolved in a timely manner.

Since October 2024, the Parties have been engaged in negotiations to enter into a sharing agreement for the fulfillment of the 2024 5G license obligations. On December 23, 2024, the Parties concluded the respective agreement. The agreement stipulates that the actions undertaken by the Parties under its terms, including the provision of access services (site sharing) and the acceptance of sites into sharing, shall not nullify, modify, or impact any legally significant actions previously undertaken by the Parties in the performance of the Contract. This includes, but is not limited to, claims issued by the Parties concerning penalty accruals, withdrawal from regions, and compensation payments.

On June 23, 2025, Kcell and MTS entered into Supplementary Agreement No. 4 to the Dispute Settlement Agreement regarding the critical failure and claims for compensation. Under the terms of the Supplementary Agreement, the Parties mutually withdrew their notices of termination, annulled the compensation claims, and confirmed the full reinstatement of the Agreement. The Parties also reaffirmed their intention to resolve the dispute regarding the imposed ties within six months. At present, the technical teams have resumed work on implementing the Agreement. In parallel, negotiations have begun to settle the dispute related to the penalties.

The management of the Group believes that provisions accrued during 2024 and 2023 are sufficient to cover any future outflows to settle liabilities under the MOCN agreement.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

22. SUBSEQUENT EVENTS

On 18 July 2025, the President of the Republic of Kazakhstan signed the new Tax Code and will become effective from 1 January 2026.

According to the new Tax Code, the conditions for applying the benefit on radio-frequency spectrum usage fees have been clarified. Under the revised provisions, telecommunications operators that allocate the savings from reduced spectrum fees to finance broadband internet access projects are entitled to a 90% reduction in spectrum usage fees. This benefit is granted until 1 January 2031.

As the new Tax Code was not substantively enacted as at June 30, 2025, it is treated as a non-adjusting subsequent event.