Kcell

Kcell JSC

Consolidated financial statements

For the year ended 31 December 2024
together with independent auditor's report

CONTENTS

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Independent auditor's report

To the Shareholders, Board of Directors and Management of "Kcell" JSC

Opinion

We have audited the consolidated financial statements of Kcell JSC and its subsidiary (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	***How our audit addressed the key audit matter***
Revenue recognition from the provision of telecommunications services	
The Group's revenue from telecommunication services consists of a significant volume of low-value transactions, sourced from multiple systems, including the billing system. The processing and recording of revenue is highly automated and is based on established tariff plans. We identified this matter as a key audit matter due to the complexity of information systems involved in the revenue recognition process and the risks associated with incorrect recognition and measurement of revenue, arising from the diversity and constant evolution of tariff plans, marketing offers and discounts provided to customers. The auditing of revenue required an increased extent of audit effort, including the need for us to involve professionals with expertise in information technology ("IT") to identify relevant systems, and evaluate and test automated controls. The Group's disclosure of information in respect of the accounting policies on revenue recognition is included in Note 3 to the consolidated financial statements, and disclosures by types of revenue are included in Note 22 to the consolidated financial statements.	We assessed the design and tested the operating effectiveness of IT general controls supporting the operation of the billing system and other IT systems. We tested IT application controls over the capturing and recording of data, and IT application controls over the calculation of amounts to be billed to customers and recording of amounts collected from customers. We tested controls related to transfer of data among relevant IT systems related to the recording and recognition of revenue. We examined the authorising of changes in tariffs implemented in the billing system. We conducted test calls and data usage to verify the connection detection, duration, and tariffication. We analyzed correlation among journal entries to revenue, trade receivables and cash. We performed analytical procedures, including monthly fluctuations analysis and analysis of changes in the number of subscribers and tariffs impacting revenue, and compared trends in financial data with trends in non-financial data. We analysed the key judgements used by management in the accounting for revenue. We evaluated the Group's accounting policy for revenue recognition. We analysed the disclosures in the consolidated financial statements related to revenue recognition.

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Impairment of non-current assets

We identified this matter to be one of the matters of most significance in our audit due to the materiality of the balances of non-current assets to the consolidated financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements and estimates made by management. Significant assumptions included discount rate and inflation rate forecast. Significant estimates included future capital expenditures and the level of earnings before interest, taxation, depreciation and amortisation. Information on impairment test performed is disclosed in Note 4 to the consolidated financial statements.	We analysed management's assessment of the existence of impairment indicators. We involved our valuation specialists in the testing of management's impairment analysis and calculation of recoverable amounts. We compared the discount rate and long-term growth rates to general market indicators and other available evidence and checked the calculation of the discount rate. We tested the mathematical accuracy of the impairment model and assessed the analysis of the sensitivity of the results of impairment test to changes in assumptions. We analysed disclosures on impairment test in the consolidated financial statements.

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Audit Committee of the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

Ernst & Young LLP

Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ - 0000172 dated 23 December 2013

Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on 15 July 2005

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20 February 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

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

Chairman of the Management Board & Chief Executive Officer — *Askar Zhambakin*

Chief Financial Officer — *Sabigat Rakhmetov*

Chief Accountant — *Guzel Khassanova*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

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

Chairman of the Management Board & Chief Executive Officer — *Askar Zhambakin*

Chief Financial Officer — *Sabigat Rakhmetov*

Chief Accountant — *Guzel Khassanova*

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

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

Chairman of the Management Board & Chief Executive Officer — *Askar Zhambakin*

Chief Financial Officer — *Sabigat Rakhmetov*

Chief Accountant — *Guzel Khassanova*

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

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

NON-CASH TRANSACTIONS

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

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

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

Chairman of the Management Board & Chief Executive Officer — *Askar Zhambakin*

Chief Financial Officer — *Sabigat Rakhmetov*

Chief Accountant — *Guzel Khassanova*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Kcell JSC (the "Company") was established as a limited liability partnership ("GSM Kazakhstan OAO 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 3G, 4G, LTE and 5G licenses.

As at 31 December 2024 and 2023 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 31 December 2024 and 2023, the shareholders of the Company are presented as follow:

	31 December 2024	31 December 2023
Kazakhtelecom JSC	**51.00%**	51.00%
Private company KC HOLDING LTD	**14.87%**	–
First Heartland Jusan Bank JSC	**9.08%**	9.08%
Single accumulative pension fund JSC	**7.10%**	7.06%
KAZPOST JSC	**3.36%**	2.36%
Samruk-Kazyna	**2.97%**	–
ZHASYL DAMU JSC	**2.73%**	2.59%
Turlov T.R.	**1.99%**	2.19%
Private company TURLOV PRIVATE HOLDING LTD	**1.91%**	–
Raiffeisenbank JSC	**1.54%**	1.54%
Yesenov G.Sh.	**–**	14.87%
Other	**3.45%**	9.31%
	100.00%	100.00%

As at 31 December 2024 and 2023, the Company has the following subsidiary:

	31 December 2024	31 December 2023
KazNet Media LLP	**100.00%**	100.00%

The accompanying consolidated financial statements include the financial statements of Kcell JSC and its subsidiary (further referred to as "the Group").

These consolidated financial statements were authorized for issue by the Chairman of the Management Board on 20 February 2025.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared in accordance with IFRS accounting standards as issued by International Accounting Standard Board (IASB).

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements. The consolidated financial statements are presented in Kazakhstani tenge ("tenge") and all amounts are rounded to the nearest millions, except when otherwise indicated.

Going concern

As at 31 December 2024 the Group's current liabilities exceeded its current assets by 69,004 million tenge. The Group's current liabilities mainly comprise short-term loans and borrowings in the amount of 42,972 million tenge, trade and other payables in the amount of 39,738 million tenge, taxes payable in the amount of 2,705 million tenge and other current financial and non-financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Going concern (continued)

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 factor was 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 Group had available undrawn committed borrowing facilities of 124,500 million tenge as at 31 December 2024 (*Note 15*).

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.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. MATERIAL ACCOUNTING POLICIES

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. For more details, see *Note 15*.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to 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 will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements.* IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's shares are publicly traded, it is not eligible to elect to apply IFRS 19.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the 'own-use' requirements;
- Permitting hedge accounting if these contracts are used as hedging instruments;
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

3. MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (continued)

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed.

The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7),* which:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met;
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features;
- Clarifies the treatment of non-recourse assets and contractually linked instruments;
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The publication of the amendments concludes the classification and measurement phase of the lASB's post implementation review (PIR) of IFRS 9 *Financial Instruments*.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

The amendments are not expected to have a material impact on the Group's financial statements.

Foreign currency translation

The consolidated financial statements of the Group are presented in tenge, which is the functional currency of the Company and its subsidiary. Tenge is the currency of the primary economic environment in which the Company and its subsidiary operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

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 translation differences are recognized in the 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Transactions and balances (continued)

Foreign exchange rates are presented in the following table:

	31 December 2024	31 December 2023
US dollar	**523.54**	454.56
Euro	**546.47**	502.24
Russian ruble	**4.99**	5.06

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 (twelve) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the *Note 30*.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 − quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 − valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 − valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The respective unit of the Group (hereinafter, the "Working Group") determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The composition of the Working Group is determined by the Management of the Group.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Working Group after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Working Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Working Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Working Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Please refer to asset retirement obligation *(Note 19)* for further information about decommissioning provision recognised.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings and constructions	10-50
Machinery (including base stations)	3-10
Equipment, tools and installations	2-8

Land is not depreciated.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction-in-progress

Construction-in-progress represents property and equipment under construction and machinery and equipment awaiting installation and is recorded at cost. Construction-in-progress includes cost of construction and equipment and other direct costs. When construction of such assets is completed or when the machinery and equipment are ready for their intended use, construction-in-progress is transferred to the appropriate category of depreciable assets. Construction-in-progress is not depreciated.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Intangible assets have finite useful lives.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Expenses on amortization of intangible assets with finite useful life are recognized in the consolidated statement of comprehensive income in the category of expenses, which corresponds to the function of the intangible asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Intangible assets are amortized on a straight-line basis within the following estimated useful lives.

	Years
Telecommunication licenses	5-15
Software and license	3-8
Other	8-10

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Research and development costs (continued)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash-generating unit's (CGU) recoverable amount is the higher of the fair value of an asset (cash generating unit) less costs of disposal and its value in use (cash generating unit). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 (five) years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets of the Group include cash and cash equivalents, trade and other accounts receivable**,** financial assets at amortized cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. excluded from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group evaluates if it has retained the risks and rewards of the property, and to which extent, if any. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets carried at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets carried at amortised cost

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Initial recognition and measurement (continued)

The Group's financial liabilities comprise trade and other accounts payable, loans and borrowings, lease liabilities and financial guarantees.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This category is the most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. Further details are contained in *Note 15*.

Trade and other accounts payable

Liabilities for trade and other accounts payable are recognised at fair value to be paid in the future for goods and services received, whether or not billed to the Group.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

Right-of-use assets (continued)

The right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

	Years
Buildings and constructions	5-15

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *Impairment of non-financial assets.*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of base station that have a lease term of 12 months or less from the commencement date and the lessor has unconditional right to terminate contract. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of cost of acquisition and net realisable value.

Cost comprise expenses incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The same cost formula is used for all inventories having a similar nature and use. All inventories are determined based on weighted average cost method.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Provisions (continued)

Decommissioning liability

Decommissioning liabilities are recognized in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognized as part of the initial cost of the particular asset. Cash flows are discounted at the current rate before tax, which reflects risks inherent to the decommissioning obligations. Unwinding of discount is expensed as incurred and recognised in the consolidated statement of comprehensive income as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Employee benefit

Social tax

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. Social tax expenses are charged to expenses as incurred.

Besides, the Group withholds 10% of the salary of employees paid as contributions of employees to the accumulating pension funds. Under the legislation, employees are responsible for their retirement benefits and the Group has no present or future obligation to further compensate its employees upon their retirement, except as provided below.

Pension payments

The Group does not incur any expenses in relation to provision of pensions or other post-employment benefits to its employees. In accordance with the legal requirements of the Republic of Kazakhstan, the Group withholds pension contributions from employee salaries and transfers them into state or private pension funds on behalf of its employees. Pension contributions are the responsibility of employees, and the Group has no current or future obligations to make payments to employees following their retirement. Upon retirement of employees, all pension payments are administered by the pension funds directly.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The bulk of service revenue relates to prepaid contracts.

Revenue is categorised as follows: voice and data services, value added services, sale of handsets and other services.

Voice service includes call out revenue, interconnect fees, roaming revenues charged to the Group's subscribers for roaming in other wireless operators' network, and roaming revenues charged to other wireless operators for non-Group subscribers using the Group's network.

Data services include revenues from 3G, 4G, 5G and LTE internet, WAP services and other data services.

Value added services consists of SMS, MMS, info services and providing content of third parties, fax and voice mail services.

The Group may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets (multiple deliverables). In some cases, the arrangements include initial installation, initiation, or activation services and involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. Costs associated with the equipment are recognised when revenue is recognised. The revenue is allocated to separate product and services on a relative stand-alone selling price method.

The stand-alone selling prices are determined based on the list prices at which the Group sells the mobile devices and telecommunication services. Customised equipment that can be used only in connection with services or products provided by the Group is not accounted for separately and revenue is deferred over the total service arrangement period.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

In revenue arrangements where more than one performance obligation, transaction price is allocated between the goods and services using relative stand-alone selling price method. Determining the transaction price for each separate performance obligation can require complex estimates. The Group generally determines the stand-alone selling price for each separate performance obligation based on prices at which the good or services are regularly sold on a stand-alone basis after considering volume discounts where appropriate.

The Group sells handsets to the customers that is payable within the period of 18 to 24 months. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the product, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Call out revenue

Call out revenue is recognised based on the actual airtime used by the subscribers. Prepayments received for call out revenue are not recognised as revenue until the related service has been provided to the subscriber. Revenue is recognised based on the actual traffic time elapsed, at the customer selected calling plan rates.

(i) Interconnect revenues and costs

The Group charges interconnect per minute fees and fixed monthly payments to other local wireless and fixed line operators for calls originated outside and terminated within the Group's network. The Group recognises such revenues when the services are provided. The Group is charged interconnect fees per minute and fixed monthly payments by other local wireless and fixed line operators for calls originated within the Group's network and terminated outside of the network. The Group recognises such costs when the services are provided.

(ii) Data revenue

The data service is recognised when a service is used by a subscriber based on actual data volume traffic or passage of time (monthly subscription fee).

(iii) Roaming revenues charged to the Group's subscribers

Roaming revenue from the Group's subscribers for roaming in other operators' network is charged based on information provided by other operators to the Group.

(iv) Roaming fees charged to other wireless operators

The Group charges roaming per minute fees to other wireless operators for non-Group subscribers utilising the Group's network. The Group recognises such revenues when the services are provided.

(v) Value added services

Value added services mainly consists of content provided by third parties, different info services, fax and voice mail. When invoicing the end-customer for third party content service, amounts collected on behalf of the principal are excluded from revenue.

Roaming discounts

The Group enters into roaming discount agreements with a number of wireless operators. According to the terms of the agreements the Group is obliged to provide and entitled to receive a discount that is generally dependent on the volume of inter operator roaming traffic. The Group uses various estimates and assumptions, based on historical data and adjusted for known changes, to determine the amount of discount to be received or granted. Such estimates are adjusted monthly to reflect newly-available information.

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Roaming discounts (continued)

The Group accounts for discounts received as a reduction of roaming expenses and discounts granted as reduction of roaming revenue. The Group considers terms of the various roaming discount agreements to determine the appropriate presentation of amount of receivable from and payable to its roaming partners in its consolidated statements of financial position.

Customer loyalty program

Successfully completed promotional transactions using mobile balance, OGO bank cards, as well as other actions by subscribers of the Company that result in award credits for customers, under the Group's OGO Bonus Loyalty Programme, are accounted for as two separate performance obligations embedded into one contract, the commission. The transaction price is allocated between the commission price and the award provided based on their stand-alone selling prices. The transaction price of credit award is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Group's performance obligations have been fulfilled.

Costs to obtain a contract

The Group sells part of payment scratch cards, sim cards, and handsets using dealers. The Group pays a certain commission to dealers depending on the number of payment scratch cards, sim cards or handset sold. Sales commissions and equipment subsidies granted to dealers for obtaining a specific contract are capitalised and deferred over the period over which the Group expects to provide services to the customer. Other commissions to dealers are recognised when the item is sold to the subscriber.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section *"Financial instruments − initial recognition and subsequent measurement"*.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3. MATERIAL ACCOUNTING POLICIES (continued)

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The interest income is recorded as part of finance income in the consolidated statement of comprehensive income.

Expense recognition

Expenses are recognized as incurred and reported in the consolidated statement of comprehensive income in the period to which they relate on the accrual basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in transaction that is not a business combination and, at the same time of transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3. MATERIAL ACCOUNTING POLICIES (continued)

Taxes (continued)

Current income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements. Where an inflow of economic benefits is probable, they are disclosed.

Contingent liabilities are not recognized in the consolidated financial statements unless an outflow of resources embodying economic benefits has become probable. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Transactions with related parties are used to reflect the status of settlements for property, works and services received from companies or sold to companies that are related parties to the Group. Items of a similar nature are disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the consolidated financial statements.

Transactions with related parties when there is a difference between the borrowing amount and its fair value (present value using current market rates for similar instruments) is treated as an equity contribution as additional paid in capital. When the contractual obligations are finalized, the Group reclassify the amount of the additional paid in capital in retained earnings.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group’s exposure to risks and uncertainties includes:

- Financial instruments and financial risk management objectives and principles *Note 30*.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options − Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

As of 31 December 2024, the Group reassessed the likelihood of exercising the option to extend contracts for the lease of technical sites. The lease extension period of 1 year was determined based on the judgment of the management of the Group at the time of initial recognition based on the useful life of the base station. The effect of the modification of the lease period amounted to 8,575 million tenge (2023: 29,735 million tenge). (*Note 16*).

Leases − estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Useful lives of property and equipment and intangible assets

The Group assesses the remaining useful lives of items of property and equipment and intangible assets at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Capitalisation of licensed products

During 2023 the Group signed the long-term subscription agreement for licensed products and software upgrade. In case of termination of the agreement the Group is obliged to repay the residual amount of unpaid fees in accordance with the agreement.

During 2024, the Group signed an additional agreement with the same conditions.

Accordingly, the Group recognized trade payables for both contracts as of the date of the start of the agreements for the full amount and capitalized it within property, plant and equipment.

Impairment of non-financial assets

As at 31 December 2024, the Group determined the change in the forecast cash flows for the period 2025-2028 as an indicator of impairment and performed impairment test. By the results of the impairment test recoverable amount exceeded the carrying value of non-current assets. For impairment testing the Company was identified as one cash-generating unit. In 2024, the recoverable amount has been determined based on the calculation of value-in-use.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Impairment of non-financial assets (continued)

Estimation of future cash flows requires assumptions to be made in respect to uncertain factors, including management expectations in relation to Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) margin, timing and amount of capital expenditures, terminal growth rates and appropriate discount rates to reflect the risks involved. Therefore, EBITDA margin and capital expenditures used for value in use calculation are primarily derived from internal sources, based on past experience and extended to include management expectations. For the purposes of impairment testing EBITDA is calculated as earnings before interest, taxation, depreciation and amortisation measured on the basis consistent with IFRS consolidated financial statements.

Decommissioning liability

Decommissioning liabilities are recognized in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognized as part of the initial cost of the particular asset. Cash flows are discounted at the current rate before tax, which reflects risks inherent to the decommissioning obligations. Unwinding of discount is expensed as incurred and recognised in the consolidated statement of comprehensive income as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. In estimating the expected cost, the Group takes into account changes in environmental legislation and regulations that may impact the dismantling process. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Provision for expected credit losses

The Group recognizes provision for expected credit losses for trade and other accounts receivable and funds in credit institutions (cash and cash equivalents, bank deposits).

For trade and other receivable, the Group has applied the standard's simplified approach and has calculated expected credit losses based on lifetime of these financial instruments. The Group used a provision model that is prepared taking into account Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in *Note 9.*

For funds in credit institutions (cash and cash equivalent, bank deposits), the Group calculated expected credit losses based on the 12-month period. The 12-month expected credit losses is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also, it is considered a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Provision for expected credit losses (continued)

Thus, as at 31 December 2024 provision for expected credit losses was created in the amount of 8,181 million tenge (as at 31 December 2023: 4,830 million tenge) *(Notes 9)*. Changes in the economy, industry or specific customer conditions would have impact to these allowances recorded in the consolidated financial statements.

Costs to obtain a contract

The Group considers commission to sales agents to be an additional cost to obtain a contract and capitalizes such costs as an asset on expenses under contracts with customers. The Group depreciates the costs to obtain a contract with customers on a systematic basis, which corresponds to the timing of the provision of services to customers. The Group reviews depreciation periods if the expected service dates have changed.

Contract liabilities

Deferred revenues are recognized as contract liabilities and recognized over the expected period of the customer relationship. In making its judgments, management considered the detailed criteria for the recognition of revenues from contract with customers set out in IFRS 15, industry practice and the Group's historical churn rate.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As at 31 December 2024, net deferred tax assets of the Group were equal to 2,856 million tenge (at 31 December 2023: 4,148 million tenge). Further details are contained in *Note 28*.

Fair value measurement of financial instruments

When the fair value of financial instruments and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on data in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value reported in the consolidated financial statements. For more details on the fair values refer to *Note 30*.

Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products;
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities.

5. SEGMENT INFORMATION

The Group's main operations are concentrated in the Republic of Kazakhstan and are mainly represented by provision of mobile communication services. The Group identifies the segment in accordance with the criteria set in IFRS 8 *Operating Segments* and based on the way the operations of the Group are regularly reviewed by the chief operating decision maker to analyze performance and allocate resources among business units of the Group.

The Group's Chairman of the Management Board has been determined as the chief operating decision-maker ("CODM"). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements prepared in accordance with IFRS. Management has determined a single operating segment being mobile communication services based on these internal reports.

6. SHARE CAPITAL AND EARNINGS PER SHARE

Share capital of the Group is as follows:

	31 December 2024		31 December 2023	
	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**	–	–
First Heartland Jusan Bank JSC	**9.08%**	**18,167,753**	9.08%	18,167,753
Single accumulative pension fund JSC	**7.10%**	**14,207,642**	7.06%	14,116,287
KAZPOST JSC	**3.36%**	**6,719,658**	2.36%	4,727,726
Samruk-Kazyna JSC	**2.97%**	**5,943,939**	–	–
ZHASYL DAMU JSC	**2.73%**	**5,458,754**	2.59%	5,188,973
Turlov T.R.	**1.99%**	**3,974,401**	2.19%	4,371,680
Private company TURLOV PRIVATE HOLDING LTD	**1.91%**	**3,826,360**	–	–
Raiffeisenbank JSC	**1.54%**	**3,070,664**	1.54%	3,070,664
Yesenov G.Sh.	**–**	**–**	14.87%	29,745,215
Other	**3.45%**	**6,885,614**	9.31%	18,611,702
	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:

In millions of tenge	**2024**	2023
Profit for the year attributable to equity shareholders	**10,159**	32,897
Weighted average number of ordinary shares	**200,000,000**	200,000,000
Earnings per share (Kazakhstani tenge), basic and	**50.80**	164.49

The Group has no dilutive or potentially dilutive securities outstanding. During the year ended 31 December 2024 and 2023, the Group did not declare and did not pay any dividends.

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 31 December 2024 and 2023 is presented below.

In millions of tenge	**31 December 2024**	31 December 2023
Net assets, excluding intangible assets	**64,116**	47,694
Number of ordinary shares issued	**200,000,000**	200,000,000
Cost of ordinary share, calculated in accordance with listing requirements of KASE (Kazakhstani tenge)	**320.58**	238.47

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. PROPERTY AND EQUIPMENT

Movements of property and equipment for the years ended 31 December 2024 and 2023 were as follows:

In millions of tenge	Land	Buildings and construction	Machinery	Equipment, tools and installations	Assets under construction	Total
Cost						
At 1 January 2023	2,109	16,623	252,704	39,200	43,299	353,935
Additions	–	59	12,082	4,459	57,559	74,159
Transfer from investment property	–	3,173	–	–	–	3,173
Provision for dismantling *(Note 19)*	–	–	(517)	–	–	(517)
Transfer between the groups	–	44	9,439	364	(9,847)	–
Disposals	–	(23)	(3,776)	(4,312)	(361)	(8,472)
At 31 December 2023	2,109	19,876	269,932	39,711	90,650	422,278
Additions	**–**	**45**	**5,752**	**3,494**	**53,137**	**62,428**
Provision for dismantling *(Note 19)*	**–**	**–**	**628**	**–**	**–**	**628**
Transfer between the groups	**–**	**192**	**51,636**	**–**	**(51,828)**	**–**
Transfer from investment property	**–**	**597**	**–**	**–**	**–**	**597**
Disposals	**–**	**(20)**	**(2,422)**	**(2,985)**	**(63)**	**(5,490)**
At 31 December 2024	**2,109**	**20,690**	**325,526**	**40,220**	**91,896**	**480,441**
Accumulated depreciation and impairment						
At 1 January 2023	–	(6,486)	(211,443)	(33,770)	(4,512)	(256,211)
Depreciation charge	–	(523)	(12,443)	(3,565)	–	(16,531)
Transfer from investment property	–	(1,363)	–	–	–	(1,363)
Disposals	–	9	3,625	4,306	–	7,940
At 31 December 2023	–	(8,363)	(220,261)	(33,029)	(4,512)	(266,165)
Depreciation charge	**–**	**(834)**	**(15,178)**	**(5,394)**	**–**	**(21,406)**
Transfer from investment property	**–**	**(323)**	**–**	**–**	**–**	**(323)**
Disposals	**–**	**13**	**2,274**	**2,981**	**–**	**5,268**
At 31 December 2024	**–**	**(9,507)**	**(233,165)**	**(35,442)**	**(4,512)**	**(282,626)**
Net book value						
At 31 December 2023	2,109	11,513	49,671	6,682	86,138	156,113
At 31 December 2024	**2,109**	**11,183**	**92,361**	**4,778**	**87,384**	**197,815**

7. PROPERTY AND EQUIPMENT (continued)

As of 31 December 2024, the Group made prepayments for certain property and equipment mainly represented by equipment for base stations in the amount of 1,103 million tenge (31 December 2023: 176 million tenge).

As at 31 December 2024, the historical cost of property and equipment which has been fully depreciated and still in use, was 195,646 million tenge (as at 31 December 2023: 190,204 million tenge).

During 2024, the Group has written off the fully amortized property and equipment with historical cost in the amount of 1,496 million tenge (2023: 315 million tenge).

8. INTANGIBLE ASSETS

Movements of intangible assets for the years ended 31 December 2024 and 2023 were as follows:

In millions of tenge	**Software and licenses**	**Intangible assets in development stage**	**Total**
Cost			
At 1 January 2023	128,662	472	129,134
Additions	100,112	2,634	102,746
Disposals	(3,908)	(472)	(4,380)
At 31 December 2023	224,866	2,634	227,500
Additions	**13,423**	**2,349**	**15,772**
Transfer between the groups	**870**	**(870)**	**–**
Disposals	**(12,093)**	**–**	**(12,093)**
At 31 December 2024	**227,066**	**4,113**	**231,179**
Accumulated amortization and impairment			
At 1 January 2023	(85,180)	(472)	(85,652)
Amortization charge	(22,344)	–	(22,344)
Disposals	3,848	472	4,320
At 31 December 2023	(103,676)	–	(103,676)
Amortization charge	**(22,024)**	**–**	**(22,024)**
Disposals	**12,082**	**–**	**12,082**
At 31 December 2024	**(113,618)**	**–**	**(113,618)**
Net book value			
At 31 December 2023	121,190	2,634	123,824
At 31 December 2024	**113,448**	**4,113**	**117,561**

As at 31 December 2024, the carrying amount of 5G license was 70,231 million tenge (31 December 2023: 75,434 million tenge) and its remaining amortization period was 14 years. As at 31 December 2024, the carrying amount of the 4G license was 10,544 million tenge (31 December 2023: 12,277 million tenge) and its remaining amortization period was 6 years. As at 31 December 2024, the carrying amount of 3G license was 333 million tenge (31 December 2023: 666 million tenge) and its remaining amortization period was 1 year.

As at 31 December 2024, the historical cost of intangible assets, which have been fully amortized and still in use, was 34,526 million tenge (31 December 2023: 39,769 million tenge).

During 2024, the Group has written off the fully amortized intangible assets with historical cost in the amount of 12,075 million tenge (during 2023: 3,392 million tenge)

During 2024, 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 December 31, 2024, the carrying value of intangible assets in development stage included in development costs amounted to 4,113 million tenge. Costs capitalized as development costs meet the criteria for recognition as intangible assets under IAS 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. TRADE RECEIVABLES

As at 31 December 2024 and 2023, trade receivables comprised of the following:

In millions of tenge	**31 December 2024**	31 December 2023
Trade receivable from subscribers	**34,383**	29,568
Trade receivable from interconnect services	**1,840**	3,322
Trade receivables from roaming operators	**779**	439
Trade receivables from dealers and distributors	**799**	801
Trade receivables from related parties *(Note 29)*	**2,186**	4,946
Less: allowance for expected credit losses	**(8,181)**	(4,830)
	31,806	34,246
Less: long-term portion of trade receivable from subscribers	**(5,404)**	(1,523)
	26,402	32,723

During the years ended 31 December 2024 and 2023, movements in the allowance for expected credit losses were as follows:

In millions of tenge	**31 December 2024**	31 December 2023
Allowance for expected credit losses at the beginning of the year	**(4,830)**	(12,915)
Charge for the year	**(3,156)**	(5,702)
Write-off for the year	**83**	5,305
Sales of trade receivables	**–**	7,377
Other	**(278)**	1,105
Allowance for expected credit losses at the end of the year	**(8,181)**	(4,830)

During 2023 the Group sold overdue receivables with gross value in the amount of 8,254 million tenge and net book value of 877 million tenge for 877 million tenge.

Below is information as of 31 December 2024 and 31 December 2023 about the credit risk exposure on the Group's trade receivables using a provision matrix:

			Days past due				
In millions of tenge	**Total**	**Current**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**Over 180 days**
31 December 2024							
Estimated total gross book value for default	**39,987**	**23,550**	**2,034**	**4,031**	**1,616**	**1,481**	**7,275**
Expected credit loss rate		**0.042%**	**1.33%**	**5.04%**	**8.66%**	**41.66%**	**98.75%**
Expected credit losses	**8,181**	**10**	**27**	**203**	**140**	**617**	**7,184**

			Days past due				
In millions of tenge	**Total**	**Current**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**Over 180 days**
31 December 2023							
Estimated total gross book value for default	39,076	24,458	4,580	3,428	1,419	978	4,213
Expected credit loss rate		0.09%	0.59%	3.94%	7.4%	35.99%	99.43%
Expected credit losses	4,830	22	27	135	105	352	4,189

9. TRADE RECEIVABLES (continued)

As at 31 December 2024 and 2023 the Group's trade receivables were denominated in the following currencies:

In millions of tenge	**31 December 2024**	31 December 2023
Tenge	**29,973**	33,366
US dollars	**1,658**	809
Euro	**165**	70
Other currency	**10**	1
	31,806	34,246

10. INVENTORY

As at 31 December 2024 and 2023, inventories comprised:

In millions of tenge	**31 December 2024**	31 December 2023
Handsets and accessories (at lower of cost and net realizable value)	**7,713**	7,501
Start packages (at cost)	**245**	330
SIM-cards (at cost)	**195**	147
Marketing materials (at cost)	**31**	97
Other materials (at cost)	**996**	934
	9,180	9,009

During 2024, the Group recognised write off of 441 million tenge (2023: 600 million tenge) for inventories carried at net realisable value within general and administrative expenses.

11. OTHER CURRENT NON-FINANCIAL ASSETS

As at 31 December 2024 and 2023, other current non-financial assets comprised of the following:

In millions of tenge	**31 December 2024**	31 December 2023
Advances paid	**1,919**	3,497
Prepaid taxes other than income taxes	**1,877**	2,847
Prepaid expenses	**1,150**	913
VAT recoverable	**85**	569
	5,031	7,826

During 2024, the Group recognised as an expense 117 million tenge (*Note 27*) as an impairment of advances paid, which is recognised within other operating expenses.

12. OTHER CURRENT FINANCIAL ASSETS

As at 31 December 2024 and 2023, other current financial assets comprised of the following:

In millions of tenge	**31 December 2024**	31 December 2023
Other receivables	**308**	1,516
Due from employees	**111**	703
Less: allowance for expected credit losses due from employees	**(49)**	(52)
	370	2,167

As at 31 December 2024 and 2023, other current non-financial assets were fully denominated in tenge.

13. FINANCIAL ASSETS AT AMORTIZED COST

In 2023 the Group acquired short term discount notes of National Bank of the Republic of Kazakhstan (NBRK) denominated in tenge at purchase price 34,545 million tenge. In 2023 notes with nominal value in the amount of 49,358 million tenge and accumulated interest of 281 million tenge were redeemed.

The Group recognized the financial assets at amortized cost as the contractual cash flows are solely principal and interest and the financial assets are held within a business model for collecting contractual cash flows.

14. CASH AND CASH EQUIVALENTS

As at 31 December 2024 and 2023, cash and cash equivalents comprised of the following:

In millions of tenge	**31 December 2024**	31 December 2023
Bank deposits with original maturity of less than 90 days	**7,044**	9,143
Cash on current bank accounts	**1,750**	1,883
Cash on hand	**7**	5
	8,801	11,031

As of 31 December 2024, short-term bank deposits represent overnight deposits in tenge in Halyk Bank JSC at interest rate 14.75% in the amount of 2,210 million tenge, and deposit in USD at interest rate 3.0% in the amount of USD 656,123.

Additionally, Kcell JSC placed deposits totaling USD 8,6 million in Kazpost JSC from 30 December 2024 to 30 January 2025, at an interest rate of 4%.

As at 31 December 2024 and 2023, cash and cash equivalents were denominated in various currencies as follows:

In millions of tenge	**31 December 2024**	31 December 2023
Tenge	**3,795**	8,901
US dollars	**5,005**	2,123
Russian roubles	**1**	4
Euro	**–**	2
Other currency	**–**	1
	8,801	11,031

15. BORROWINGS

As at 31 December 2024 and 2023, borrowings comprised of the following:

In millions of tenge	**Currency**	**Effective interest rate**	**Nominal interest rate**	**Maturity date**	**31 December 2024**	31 December 2023
AIX Bonds	Tenge	16,90%	15,75%	September 2027	**30,355**	–
AIX Bonds	Tenge	17,50%	16,25%	June 2025	**25,282**	–
AIX Bonds	Tenge	17,50%	16,25%	April 2027	**15,572**	–
AIX Bonds	Tenge	16,90%	15,75%	October 2027	**15,430**	–
Nurbank JSC	Tenge	17,00%	15,75%	September 2026	**4,000**	–
Halyk Bank of Kazakhstan JSC	Tenge	20,10%	18,50%	September 2026	**–**	22,896
Bank of China Kazakhstan JSC	Tenge	18,70%	16,75%	February 2026	**–**	13,000
Halyk Bank of Kazakhstan JSC	Tenge	19,20%	17,75%	December 2026	**–**	12,642
Nurbank JSC	Tenge	18,70%	17,27%	September 2026	**–**	10,909
Halyk Bank of Kazakhstan JSC	Tenge	19,50%	18,00%	November 2026	**–**	9,254
Halyk Bank of Kazakhstan JSC	Tenge	19,50%	18,00%	October 2026	**–**	6,002
Nurbank JSC	Tenge	18,70%	17,27%	December 2024	**–**	4,091
Halyk Bank of Kazakhstan JSC	Tenge	19,20%	17,75%	November 2026	**–**	3,466
Bank of China Kazakhstan JSC	Tenge	10,90%	10,30%	June 2024	**–**	2,095
First Heartland Jusan Bank JSC	Tenge	11,60%	11,00%	November 2024	**–**	512
					90,639	84,867
Less: non-current portion					**(47,667)**	(77,514)
					42,972	7,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. BORROWINGS (continued)

Borrowings are repayable as follows:

In millions of tenge	**31 December 2024**	31 December 2023
Current portion of borrowings	**42,972**	7,353
Maturity between 1 and 2 years	**2,667**	32,101
Maturity between 2 and 5 years	**45,000**	45,413
Total non-current portion of borrowings	**47,667**	77,514

The Group's borrowings and bonds are denominated in Kazakhstani tenge and unsecured. 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 31 December 2024 and 2023, there were no breaches of the covenants.

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

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 June 2025 and April 2027 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 this 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 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.

Nurbank JSC

In September 2023 the Group obtained a loan from Nurbank JSC of 15,000 million tenge. The effective interest rate of the loan is 18,69% per annum. Maturity date of the loan is 8 September 2026. In April 2024, the Group fully repaid this loan.

In April 2024, the Group obtained a loan from Nurbank JSC of 15,000 million tenge with the effective interest rate of 16.67% per annum. Maturity date of the loan is 8 September 2026.

In May 2024, the Group obtained a loan from Nurbank JSC of 3,000 million tenge with the effective interest rate of 16.65% per annum. Maturity date of the loan is 8 September 2026.

In September 2024, the Group repaid 18,000 million tenge.

In October 2024, the Group obtained a loan from Nurbank JSC of 1,200 million tenge with the effective interest rate of 16.10% per annum. Maturity date of the loan is 8 September 2026. In October 2024, the Group repaid 1,200 million.

In December 2024, the Group obtained a loan from Nurbank JSC of 4,000 million tenge with the effective interest rate of 16.06% per annum. Maturity date of the loan is 8 September 2026.

Halyk Bank of Kazakhstan JSC

In February 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Borrowings (continued)

Halyk Bank of Kazakhstan JSC (continued)

During 2023 the Group received tranches withing the credit line in the amount of 82,761 million tenge with a repayment period of 36 months and effective interest rate of 17.75% - 18.50%. During 2023 the Group repaid 29,157 million tenge of principal amount.

During 2024, the Group received tranches within the credit line in the amount of 43,977 million tenge with a repayment period of 36 months and an effective interest rate of 17.50%-20.10%. During 2024, the Group repaid KZT 97,581 million tenge of principal amount.

Bank of China Kazakhstan JSC

On 2 June 2021 the Group obtained tranche from Bank of China JSC within the existing credit line agreement of 2,000 million tenge. In June 2023 the Group obtained tranche of 13,000 million tenge from Bank of China JSC with the effective interest rate of 16,95% within the credit line agreement and maturity date of 1 February 2026. In June 2024, the Group repaid 2,000 million tenge. In September 2024, the Group repaid 13,000 million tenge.

Bank of China Kazakhstan JSC (continued)

During 2024, the Group received a loan in the amount of 15,000 million tenge, with a maturity of 36 months at an effective interest rate of 15.80% per annum. In October 2024, the Group repaid 15,000 million tenge.

First Heartland Jusan Bank JSC

On 10 November 2021, the Group and First Heartland Jusan Bank JSC, one of the shareholders of the Company, signed a credit line agreement in the amount of 60,500 million tenge. During 2021 the Group received three tranches of totalling 40,000 million tenge. At the date of initial recognition, the tranches were recognized at fair value based on expected cash outflows at a market rate observable for similar instruments at the time the loan was issued. On initial recognition of all three tranches total discount in the amount of 1,260 million tenge was recognised within equity as the additional paid-in capital.

In 2023 the Group became an affiliate of First Heartland Jusan Bank JSC. Accordingly, on 8 September, 2023, the Group early repaid the debt in the amount of 40,000 million tenge. The remaining balance of the debt as of 31 December 2023 was 500 million tenge at a rate of 11% per annum, with a repayment period until November 10, 2024.

In July 2024, the Group repaid 500 million tenge. After the full repayment the Group reclassified the amount of discount initially recognised within equity as the additional paid-in capital into retained earnings in accordance with its accounting policy.

Undrawn credit facilities

At 31 December 2024, the Group had available 124,500 million tenge of undrawn committed borrowing facilities.

Covenants

The Group's non-current borrowings include borrowings amounting to 47,667 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 31 December 2024 the Group complied with all the covenants that were required to be met on or before 31 December 2024. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group's right of use assets are represented by lease of offices, warehouses, site rents and shops. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

In millions of tenge	**Total**
Cost	
At 1 January 2023	33,316
Additions	2,270
Modification	29,735
Cancellation	(333)
At 31 December 2023	64,988
Additions	**7,038**
Modification	**8,575**
At 31 December 2024	**80,601**
Accumulated depreciation	
At 1 January 2023	(18,232)
Depreciation charge	(5,599)
Depreciation cancellation	5
At 31 December 2023	(23,826)
Depreciation charge	**(7,765)**
At 31 December 2024	**(31,591)**
Net book value	
At 31 December 2023	41,162
At 31 December 2024	**49,010**

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

In millions of tenge	**31 December 2024**	31 December 2023
At the beginning of the year	**43,557**	17,837
Interest expenses	**5,993**	2,575
Payments	**(13,246)**	(8,527)
Modifications	**8,575**	29,735
Additions	**7,038**	2,270
Cancellation	**–**	(333)
At the end of the year	**51,917**	43,557
Long-term lease liabilities	**46,652**	38,261
Short-term lease liabilities	**5,265**	5,296

The following amounts were recognised in profit or loss:

In millions of tenge	**31 December 2024**	31 December 2023
Depreciation expense of right-of-use assets	**7,765**	5,599
Interest expense on lease liabilities	**5,993**	2,575
Total amount recognized in profit or loss	**13,758**	8,174

The Group had total cash outflows for leases of 13,246 million tenge in 2024 (2023: 8,527 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. LONG-TERM AND SHORT-TERM TRADE PAYABLES

As at 31 December 2024 and 2023, trade payables comprised of the following:

In millions of tenge	**31 December 2024**	31 December 2023
Trade payables to third parties	**37,987**	43,868
Trade payables to related parties (*Note 29*)	**5,505**	4,467
	43,492	48,335
Less: long-term portion of trade payables	**(3,754)**	(7,339)
	39,738	40,996

As at 31 December 2024 and 2023, the Group's trade payables were denominated in the following currencies:

In millions of tenge	**31 December 2024**	31 December 2023
Tenge	**24,618**	25,481
EUR	**17,313**	21,251
US dollars	**1,554**	1,561
Other currency	**7**	42
	43,492	48,335

18. CONTRACT LIABILITIES

As at 31 December 2024 and 2023, contract liabilities comprised of the prepayments from customers. Movement of contract liabilities was as follows:

In millions of tenge	**2024**	2023
Contract liabilities as at 1 January	**9,861**	5,645
Deferred during the year	**175,459**	155,297
Recognized as revenue during the year	**(176,594)**	(151,081)
Contract liabilities as at 31 December	**8,726**	9,861

19. ASSET RETIREMENT OBLIGATION

Decommissioning liabilities

Provision for decommissioning liabilities is recognized at the discounted value of expected costs to bring the sites and facilities to their original condition using estimated cash flows and is recognized as part of the cost of the specific asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability.

Movements in provision for decommissioning liabilities for the years ended 31 December 2024 and 31 December 2023 were as follows:

In millions of tenge	**2024**	2023
Provision for decommissioning liabilities as at 1 January	**3,676**	3,808
Change in estimate (*Note 7*)	**628**	(517)
Unwinding of discount (*Note 26*)	**407**	385
Provision for decommissioning liabilities as at 31 December	**4,711**	3,676
Current portion	**–**	–
Non-current portion	**4,711**	3,676

The provision was determined at the end of the reporting period using the projected inflation rate for the expected period of the fulfilment of obligation, and the discount rate at the end of the year which is presented below:

	31 December 2024	31 December 2023
Discount rate	**11.08%**	10.11%
Period of fulfillment of obligation	**6 years**	7 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. PROVISIONS

In 2024 the Group accrued provision related to fines and penalties on contractual obligations and contractual liabilities that Management considers as probable in the amount of 5,428 million tenge.

In millions of tenge	**31 December 2024**	31 December 2023
Fines and penalties on contractual obligations	**7,476**	2,062
	7,476	2,062

Movements in provisions for the years ended 31 December 2024 and 2023 were as follows:

In millions of tenge	**2024**	2023
Provision as at 1 January	**2,062**	3,685
Accrual of provision *(Note 27, 31)*	**5,428**	1,861
Payment in accordance with court decision *(Note 31)*	**–**	(2,763)
Reversal of fines and penalties provision *(Notes 27, 31)*	**(14)**	(721)
Provision as at 31 December	**7,476**	2,062

21. GOVERNMENT GRANTS

In millions of tenge	**2024**	2023
Government grants as at 1 January	**18,137**	11,268
Received during the year	**14,748**	10,615
Released to the consolidated statement of comprehensive income	**(5,853)**	(3,746)
Government grants as at 31 December	**27,032**	18,137
Government grants current portion	**5,853**	3,746
Government grants non-current portion	**21,179**	14,391

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.

The funds released as a result of reduction in the annual fee for use of radio frequencies for 2024 in the amount of 14,748 million tenge (for 2023: 10,615 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. As of 31 December 2024, the balance of deferred income recognized was equal to 27,032 million tenge (As of 31 December 2023: 18,137 million tenge), and part of the government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to 5,853 million tenge in 2024 (3,746 million tenge in 2023)

As of 31 December 2024, there are no unfulfilled conditions or contingencies attributable to these grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

In millions of tenge	**2024**	2023
Voice and data services	**182,354**	179,159
Sale of handsets and equipment	**36,559**	33,415
Value added services	**9,781**	4,633
Other	**6,773**	6,540
	235,467	223,747
Over time	**198,908**	190,332
At a point of time	**36,559**	33,415
	235,467	223,747

As at 31 December 2024 and 31 December 2023, the contract liabilities in the amount of 8,726 million tenge and 9,861 million tenge, respectively, were represented by deferred revenue.

23. COST OF SALES

In millions of tenge	**2024**	2023
Depreciation and amortization	**48,895**	42,868
Cost of sales of handsets and equipment	**35,530**	27,091
Fees for use of frequency range	**18,112**	13,211
Personnel costs	**17,721**	15,311
Transmission services	**15,082**	14,043
Interconnect fees and expenses	**13,422**	15,950
Repair and maintenance	**12,904**	11,363
Electricity	**7,496**	5,158
Network sharing agreement	**7,416**	4,652
Mobile service tax	**2,038**	2,424
Security and safety	**356**	344
Materials	**210**	135
Short-term rent expenses	**9**	10
Other	**4,540**	3,448
	183,731	156,008

24. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of tenge	**2024**	2023
Personnel costs	**2,888**	2,675
Depreciation and amortization	**2,300**	1,606
Taxes other than income tax	**1,510**	1,770
Repair and maintenance	**1,041**	312
Consulting services	**745**	225
Write-down of inventories to net realizable value	**441**	600
Representative expenses	**262**	81
Business trips	**144**	349
Insurance	**121**	75
Trainings	**42**	128
Inventories	**23**	122
Other	**1,086**	868
	10,603	8,811

25. SELLING EXPENSES

In millions of tenge	**2024**	2023
Marketing and advertising	**2,023**	4,194
Amortization of cost to obtain a contract	**725**	629
Commissions for dealers and cash collection	**211**	296
Other	**346**	282
	3,305	5,401

26. FINANCE COSTS / FINANCE INCOME

In millions of tenge	**2024**	2023
Finance costs		
Interest expense on borrowings and bonds	**15,392**	9,758
Interest expense on lease liabilities (*Note 16*)	**5,993**	2,575
Unwinding of discount of asset retirement obligation (*Note 19*)	**407**	385
Other	**380**	171
	22,172	12,889
Finance income		
Unwinding of discount of trade receivables	**1,851**	1,738
Interest income on cash balances and deposit	**789**	2,027
Discount on initial recognition of the borrowings	**503**	–
Penalty income from late payments for contract phones	**200**	782
Unwinding of issued financial guarantee	**43**	111
Interest income on financial assets at amortized cost	**–**	642
Other	**14**	39
	3,400	5,339

27. OTHER OPERATING INCOME/OTHER OPERATING EXPENSES

In millions of tenge	**2024**	2023
Other operating income		
Income from sale of property and equipment	**87**	–
Income from write-off accounts payable	**51**	1,049
Reversal of provision (*Note 20, 31*)	**14**	721
Other	**2**	140
	154	1,910
Other operating expenses		
Accrual of provision for contractual liabilities (*Note 20, 31*)	**5,428**	1,861
Advances to be written off	**523**	–
Loss on disposal of property and equipment and IA	**205**	558
Write off of advances paid (*Note 11*)	**117**	–
Other	**101**	114
	6,374	2,533

28. INCOME TAX EXPENSES

In millions of tenge	**2024**	2023
Current income tax expense	**6,259**	11,748
Adjustments in respect of income tax of previous year	**(2,552)**	(43)
Deferred income tax benefit	**1,292**	(2,550)
	4,999	9,155

Kcell and its subsidiary are subject to taxation in the Republic of Kazakhstan. Tax rate for Kcell and its subsidiary was 20% in 2024 and 2023.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory rate, with the current corporate income tax expenses for the years ended 31 December 2024 and 2023 is set out below:

In millions of tenge	**2024**	2023
Profit before taxation	**15,158**	42,052
Income tax at statutory income tax rate of 20%	**3,032**	8,410
Non-taxable income	**–**	(152)
Non-deductible expenses	**1,634**	1,615
Adjustments in respect of income tax of previous year	**(2,552)**	(718)
Adjustments in respect of deferred income tax of previous year	**2,885**	–
Total income tax expenses	**4,999**	9,155

Non-deductible expenses include representative expenses, taxes, and other expenses which in accordance with Tax Code of the Republic of Kazakhstan are non-deductible.

Deferred tax assets and liabilities are presented in the consolidated statement of financial position as follows:

	Consolidated statement of financial position		**Consolidated statement of comprehensive income**	
In millions of tenge	**31 December 2024**	31 December 2023	**2024**	2023
Deferred tax assets				
Expected credit losses	**525**	412	**113**	(368)
Accrued bonuses to employees	**722**	659	**63**	(49)
Lease liabilities	**598**	448	**150**	(103)
Provision for unused vacation	**361**	335	**26**	59
Asset retirement obligation	**942**	808	**134**	46
Legal claims on contractual obligations	**1,495**	412	**1,083**	(325)
Other	**1,501**	1,019	**482**	1,352
Government grants	**5,406**	3,627	**1,779**	1,373
Deferred tax assets	**11,550**	7,720	**3,830**	1,985
Deferred tax liabilities				
Property and equipment and intangible asset	**(8,515)**	(3,336)	**(5,179)**	689
Other	**(179)**	(236)	**57**	(124)
Deferred tax liabilities	**(8,694)**	(3,572)	**(5,122)**	565
Deferred tax assets, net	**2,856**	4,148		
Change in deferred tax assets/(liabilities), net			**(1,292)**	2,550

The Group performs offsetting of tax assets and liabilities only if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relating to income tax collected by the same taxation authority.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In accordance with legislation of the Republic of Kazakhstan, tax losses may be deferred for 10 (ten) years from the date of their origination. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. 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.

As at 31 December 2024, the Group recognized an allowance for expected credit losses in the amount of 379 million tenge in respect of receivables from related parties (31 December 2023: 429 million tenge).

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 issued shares *(Note 1)*. State owned entities include entities under common control of the Government of the Republic of Kazakhstan.

Related party transactions were made on terms agreed between parties that may not necessarily be at market rate. Sales and purchases with related parties as at 31 December 2024 and 2023, were as follows:

In millions of tenge	**2024**	2023
Sales of goods and services		
Entities of Samruk Kazyna group	**585**	396
Entities of Kazakhtelecom group	**12,642**	12,333
State owned entities	**667**	558
	13,894	13,287
Purchases of goods and services		
Entities of Samruk Kazyna group	**676**	588
Entities of Kazakhtelecom group	**30,389**	28,340
State owned entities	**552**	84
	31,617	29,012
Finance expense		
Other shareholders	**29**	3,086
	29	3,086

In millions of tenge	**2024**	2023
Trade receivables (*Note 9*)		
Entities of Samruk Kazyna group	**142**	259
Entities of Kazakhtelecom group	**1,523**	4,327
State owned entities	**521**	360
	2,186	4,946
Trade payable (*Note 17*)		
Entities of Samruk Kazyna group	**65**	35
Entities of Kazakhtelecom group	**5,423**	4,427
State owned entities	**17**	5
	5,505	4,467
Borrowings (*Note 15*)		
Entities of Samruk Kazyna Group (AIX bonds)	**86,639**	–
Other Shareholders	**–**	512
	86,639	512
Cash and deposit accounts		
Entities of Samruk Kazyna Group	**4,491**	–

29. RELATED PARTY DISCLOSURES (continued)

Compensation to key management personnel

For the years ended 31 December 2024 and 31 December 2023, the total compensation to key management personnel included in the accompanying consolidated statement of comprehensive income under general and administrative expenses was 749 million tenge and 1,735 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.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

The Group's principal financial instruments include loans, bonds, lease liabilities, cash and cash equivalents, bank deposits and accounts receivable and accounts payable. The main risks associated with the Group's financial instruments include currency and credit risk. In addition, the Group monitors market risk and liquidity risk associated with all financial instruments.

Impairment losses on financial assets

Impairment losses on financial assets for the year ended 31 December 2024 and 2023, comprise accruing reserve on expected credit losses for trade and other receivables in amount of 3,156 million tenge and 5,702 million tenge, respectively *(Note 9)*.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As at 31 December 2023, the Group had no loans or borrowings with floating interest rates and was not subject to the risk of changes in market interest rates. In 2024 the Group placed bonds on AIX with floating interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bonds with floating interest rates that is equal to the 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%-1 %.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2024	
In millions of tenge	**Increase/ (decrease) in basis points (BP)**	**Effect on profit before tax**
Tenge	**+100 bps**	**392**
	−100 bps	**(392)**

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's purchases of property, plant and equipment and inventories, as well as certain services such as roaming are denominated in US dollars and Euro, the Group's consolidated statement of financial position can be affected significantly by the movement in the US dollar/ tenge exchange rates and Euro/ tenge exchange rates.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of US dollar and Euro to tenge, with all the variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity.

	2024		2023	
In millions of tenge	**Increase/ (decrease) in exchange rate**	**Effect on profit before tax**	Increase/ (decrease) in exchange rate	Effect on profit before tax
US dollars	**20.00%**	**1.643**	14.15%	194
	−20.00%	**(1.643)**	−14.15%	(194)
Euro	**15.00%**	**2.622**	12.95%	2.743
	-15.00%	**(2.622)**	-12.95%	(2.743)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Credit risk

Credit risk is the risk that the Group will incur finance costs because its customers, clients or counterparties failed to discharge their contractual obligations. The Group is exposed to credit risk associated with its operating activities (primarily with respect to trade receivables) and financial activities, including bank deposits and financial organizations, foreign exchange transactions and other financial instruments.

Trade receivables

Financial instruments in which the Group's credit risk is concentrated are primarily trade receivables. The credit risk associated with these assets is limited due to the large number of the Group's customers and the continuous monitoring procedures for customers and other debtors.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than three years and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in *Note 9* and *12*. The Group does not hold collateral as security.

Financial instruments and cash deposits

In accordance with the financial policy, the Group places free cash in several of the largest Kazakhstani banks (with the highest credit ratings). To manage the credit risk associated with the placement of free cash in banks, the Group's management periodically conducts procedures for assessing the solvency of banks. To facilitate such an assessment, deposits are primarily placed in banks, where the Group already has comparable credit obligations, a current checking account and can easily monitor the activities of such banks.

In millions of tenge	**Rating 2024**	Rating 2023	**Cash balance 2024**	Cash balance 2023	**Balance on deposit accounts 2024**	Balance on deposit accounts 2023
Kazpost JSC	**BBB-**	BBB-	**–**	–	**4,491**	–
Halyk Bank Kazakhstan JSC	**BBB-**	BBB-	**440**	755	**2,553**	9,143
NurBank JSC	**B-/B**	B-/B	**150**	15	**–**	–
Citibank Kazakhstan JSC	**A+**	A+	**53**	579	**–**	–
Kaspi Bank JSC	**BBB-**	BB	**19**	14	**–**	–
Bereke Bank JSC	**B+**	BB	**11**	1	**–**	–
Jusan Bank JSC	**Ba3**	Ba3	**–**	10	**–**	–
Credit Suisse (Schweiz) AG	**A+**	A+	**–**	9	**–**	–
Bank CenterCredit JSC	**Ba1**	BB-	**–**	1	**–**	–
Electronic money	**no rating**	no rating	**1,084**	504	**–**	–
Total			**1,757**	1,888	**7,044**	9,143

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

The Group monitors its risk of a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., accounts receivables, other financial assets) and projected cash flows from operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

In millions of tenge	On demand	1 to 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	Total
At 31 December 2024						
Borrowings	**–**	**3,542**	**35,026**	**79,710**	**–**	**118,278**
Trade payables	**–**	**32,960**	**6,779**	**3,753**	**–**	**43,492**
Lease liabilities	**–**	**2,746**	**2,078**	**52,784**	**12,591**	**70,199**
	–	**39,248**	**43,883**	**136,247**	**12,591**	**231,969**
At 31 December 2023						
Borrowings	–	3,689	18,076	92,115	–	113,880
Financial guarantee obligation*	–	688	4,282	–	–	4,970
Trade payables	–	38,042	2,954	7,339	–	48,335
Lease liabilities	–	2,657	7,972	45,695	9,730	66,054
	–	**45,076**	**33,284**	**145,149**	**9,730**	**233,239**

* *Based on the maximum amount that can be called for under the financial guarantee's contract*

Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

Cash flows requirements are monitored on a regular basis and management provides for availability of sufficient funds required to fulfil any liabilities when they arise. The management of the Group believes that any possible fluctuations of future cash flows associated with a monetary financial instrument will not have material impact on the Group's operations

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the holders of common shares, return equity to shareholders or issue new shares. No changes were made by the Group in the capital management objectives, policies or processes in 2024 and 2023.

Fair values

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Fair values (continued)

The tables below present fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 31 December 2024 and 2023 was as follow:

In millions of tenge	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**

In millions of tenge	Date of valuation	Price quotation on active market (Level 1)	Significant observable in-puts (Level 2)	Significant unobservabl e in-puts (Level 3)	Total
Assets for which fair values are disclosed					
Short-term trade receivables	31 December 2023	–	–	32,723	32,723
Long-term trade receivables	31 December 2023	–	–	1,523	1,523
Other current financial assets	31 December 2023	–	–	2,167	2,167
Liabilities for which fair values are disclosed					
Borrowings	31 December 2023	–	–	85,776	85,776
Trade payables	31 December 2023	–	–	48,335	48,335

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Fair values (continued)

As at 31 December 2024 and 2023, the carrying amounts of the Group's financial assets and liabilities presented as follow:

In millions of tenge	**Carrying amount 31 December 2024**	**Fair value 31 December 2024**	**Unrecognis-ed gain/(loss)**	Carrying amount 31 December 2023	Fair value 31 December 2023	Unrecognis-ed gain/(loss)
Financial assets						
Cash and cash equivalents	**8,801**	**8,801**	**–**	11,031	11,031	–
Financial assets at amortized cost	**–**	**–**	**–**	–	–	–
Short-term trade receivables	**26,402**	**26,402**	**–**	32,723	32,723	–
Long-term trade receivables	**5,404**	**5,437**	**(33)**	1,523	1,523	–
Other current financial assets	**370**	**370**		2,167	2,167	–
Financial liabilities						
Borrowings	**90,639**	**88,633**	**2,006**	84,867	85,776	(909)
Trade payables	**43,492**	**43,409**	**83**	48,335	48,335	–
Financial guarantee obligation	**–**	**–**	**–**	44	44	–
Total unrecognised change in unrealised fair value			**2,056**			(909)

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that their fair value approximates to the carrying amount. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Financial liabilities carried at amortized cost

The fair value of loans obtained is measured by discounting future cash flows using rates currently existing for outstanding amounts with similar terms, credit risk and maturity.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Changes in liabilities arising from financial activities

Changes in liabilities due to financial activities for 2024 were as follows:

In millions of tenge	1 January 2024	Loan obtained	New leases	Principal repaid	Interest accrued	Interest paid	Modifications	Initial Recognition	Other	31 December 2024
Borrowings	**84,867**	**167,177**	**–**	**(162,281)**	**15,392**	**(13,933)**	**–**	**(503)**	**(80)**	**90,639**
Lease liabilities	**43,557**	**–**	**7,038**	**(7,253)**	**5,993**	**(5,993)**	**8,575**	**–**	**–**	**51,917**
Total	**128,424**	**167,177**	**7,038**	**(169,534)**	**21,385**	**(19,926)**	**8,575**	**(503)**	**(80)**	**142,556**

Changes in liabilities arising from financial activities for 2023 were as follows:

In millions of tenge	1 January 2023	Loan obtained	New leases	Principal repaid	Interest accrued	Interest paid	Modifications	Cancellation	Unwinding of discount	31 December 2023
Borrowings	47,243	110,761	–	(74,157)	8,895	(8,739)	–	–	864	84,867
Lease liabilities	17,837	–	2,270	(5,952)	2,575	(2,575)	29,735	(333)	–	43,557
Total	**65,080**	**110,761**	**2,270**	**(80,109)**	**11,470**	**(11,314)**	**29,735**	**(333)**	**864**	**128,424**

31. 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 31 December 2024, the Group had contractual commitments totaling 53,699 million tenge, excluding VAT (as at 31 December 2023: 61,832 million tenge, excluding VAT), which as well includes capital expenditures in respect to new technical regulation described below.

License obligations

In December 2022 the Group participated in the open auction of radio frequencies for the 5G. The Group in consortium with Mobile Telecom-Service LLP won two lots of 3600–3700 MHz and 3700–3800 MHz. On 22 June 2023 the Group completed all conditions of auction and recognized an intangible asset for the use of 5G frequencies in the amount of 78,034 million tenge with the expected useful life of 15 years.

31. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

License obligations(continued)

In December 2022 the Group participated in the open auction of radio frequencies for the 5G. The Group in consortium with Mobile Telecom-Service LLP won two lots of 3600–3700 MHz and 3700–3800 MHz. On 22 June 2023 the Group completed all conditions of auction and recognized an intangible asset for the use of 5G frequencies in the amount of 78,034 million tenge with the expected useful life of 15 years.

According to conditions of received frequencies, the Group and Mobile Telecom-Service LLP have commitments to activate 3,527 5G base stations across the country with specific quantity for each region. The license commitments related to 2024 and 2023 years in the quantity of 784 and 391 base stations, respectively, were fulfilled. In each of the upcoming years until the end of 2027, the Group together with Mobile Telecom-Service commit to activate 784 5G base stations.

During 2024, the Group and Mobile Telecom Service LLP signed 5G network sharing agreement to fulfill 5G license obligations.

Technical regulations

On 5 July 2004 the Government of the Republic of Kazakhstan introduced updated Law of the Republic of Kazakhstan 4 No. 567-II “On Communications”. This Law establishes the legal basis for activities in the field of communications on the territory of the Republic of Kazakhstan, defines the powers of state bodies to regulate this activity, the rights and obligations of individuals and legal entities providing or using communications services.

Article 15 outlines the responsibilities of telecommunications operators and owners of communication networks operating in the Republic of Kazakhstan in relation to cooperation with authorities engaged in operational and investigative activities. These operators are required to provide organizational and technical capabilities to facilitate such activities across all communication networks while ensuring the confidentiality of the methods employed. They must collect and store service information within Kazakhstan, prohibiting the transfer of this information outside the country, except for services provided to Kazakhstani subscribers abroad. Additionally, operators are mandated to grant access to this information to relevant authorities and to enhance their telecommunications equipment to support investigative functions as specified by the National Security Committee. Furthermore, operators must ensure that services, including the distribution of subscriber numbers, are provided only under appropriate service agreements. The relationships between these operators and the investigative authorities are governed by this law and related legislation, which also includes provisions for the suspension or resumption of mobile device operations based on the identification code at the request of the device owner.

Under the Law on Communications the Government introduced the following Orders:

- Order No. 85/қе of the National Security Committee of the Republic of Kazakhstan, dated 27 July 2021, titled “General requirements for telecommunication equipment to support operational and investigative activities and collection, and storage of customer proprietary network information**’,** was published on 2 August 2021 and took effect on 3 August 2022. This Regulation establishes additional requirements for telecommunications equipment, including enhancing the technical capabilities for hardware and software systems (HSS) to facilitate investigative operations and the collection and storage of customer proprietary network information (hereinafter – “ORA”).
- Order No. 128/қе of the National Security Committee of the Republic of Kazakhstan, dated 19 September 2024, titled “On Approval of rules for telecommunications operators and/or owners of communication networks in the Republic of Kazakhstan to ensure, at their own expense or through borrowed funds, the technical capabilities of their equipment for operational and investigative activities and counterintelligence activities, and the Requirements for networks and communication means”, was published on 30 September 2024 and took effect on 11 October 2024. The Rules introduce stricter requirements for telecommunications equipment, including enhancements to the technical capabilities of hardware and software systems (HSS) to support operational and investigative and counterintelligence activities.

As of 31 December 2024 accumulated amount of capitalized expenditures of integrated HSS to meet requirements abovementioned regulatory requirements was 5,135 million tenge.

The Group plans gradual modernization and expansion of licensed and port capacity of HSS in accordance with the cellular development plan including 5G and the expected amount of capital expenditures related to modernization and expansion will be 19,883 million tenge by 2032.

31. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Management believes that as at 31 December 2024 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

Government grant related to frequency fee

The Group submits annually consolidated report for the reporting year after the issuance of the consolidated financial statements in accordance with IFRS on expenditures used to finance broadband projects access to the Internet in urban and rural areas included capital and operational costs that are necessary for the provision of broadband Internet access services in urban and rural settlements throughout the territory of the Republic of Kazakhstan. Management believes that there are no unfulfilled conditions or contingencies attached to these grants.

In case if, based on the results of the audited information, the fact of non-fulfilment by the telecom operator of obligations to allocate at least released funds from the reduction of the corresponding fee rate to finance broadband Internet access projects in urban and rural areas is confirmed, the authorized body in the field of communications not earlier than one year after of the year following the reporting year, recalculates the amount of the annual fee for the use of frequency fee for the reporting year, which should be proportional to the unfulfilled volume of financial obligations for this reporting year.

Arbitration against Amdocs companies

Amdocs Kazakhstan LLP and Amdocs Software Solutions LLC (jointly referred to as Amdocs) was to develop, implement and deliver the Convergent Billing System to Kcell under Master Agreement dated April 2014 between TeliaSonera AB and Amdocs Software System Ltd ("Master Agreement"), and Supply Agreement, including Addendums (further as "Supply Agreement").

In November 2018, the Group notified the Supplier of termination of the Supply Agreement, except for the technical support services due to the quality of the Converged Billing System and Amdoc's performance of contractual obligations were not consistent with the terms of the Supply Agreement and the Group's requirements. Moreover, there was delay in delivery and implementation of the OLC (On-line charging) system. In May 2020, the Group notified the Supplier of its withdrawal from the technical support agreement as well. Amdocs did not agree with the Group's reasoning for termination of the Supply Agreement and withdrawal from the technical support agreement.

On March 15, 2023, the arbitration decision was received. The amount of claims of Amdocs satisfied in arbitration in the amount of 3,722 million tenge.

On September 13, 2023 a Settlement Agreement in the amount 6 million US dollars (equivalent of 2,763 million tenge) was signed between the Group and Amdocs on voluntary enforcement of the arbitration decision in order to reduce payments, as well as risks associated with the execution of the award. Upon payment of the full amount of the settlement, pursuant to the Settlement Agreement, all claims and all outstanding obligations in respect of the dispute between the Group and Amdocs shall be deemed to be fully settled/discharged.

On September 15, 2023, the Group made a payment of the full amount of compensation under the Settlement Agreement and reversed the remaining provision of KZT 721 million *(Note 20, 27).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Antitrust investigation

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

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty (hereinafter referred to as «the APDC») No. 42-OD dated 15 June 2022 (hereinafter referred to as «the Order»), an investigation was initiated against Group on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. Initial audited period per was from 1 January 2020 to 12 September 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 appealed the investigation order to the Agency for the Protection and Development of Competition on July 26, 2022, but the appeal was denied on August 16, 2022. As a result of the appeal, the investigation was suspended by APDC on July 28, 2022.

During 2023 the Group appealed contestation of the Order. On November 9, 2023, the Supreme Court of the Republic of Kazakhstan held a hearing. The court recognized order No. 42-OD dated June 15, 2022 as illegal for the inspection period from January 1, 2020, to December 31, 2021. The investigation resumed on November 27, 2023.

On December 13, 2023, the Group appealed the resumption of the investigation. By the order of December 22, 2023, the investigation was suspended due to the filing of a complaint.

The Supreme Court of Kazakhstan upheld the decisions of the lower courts as a case not subject to consideration in the order of administrative proceedings, and the cassation appeal was denied.

On January 30, 2025, the Group received a Determination to resume the investigation from January 29, 2025. The Group is working to prepare a response to the APDC's request as part of the investigation.

The Management of the Group assessed the risk of the violation of the antimonopoly law as possible and accordingly has not accrued provision for losses in relation to any of the abovementioned investigations and notices as of December 31, 2024.

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

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty No.38-OD dated 21 December 2023 an investigation was initiated against Group. The subject of investigation is the susception of coordinated actions with competitors to set and maintain prices for communication services during May-July 2023. As part of the investigation, the APDC sent a request to the Group requesting information necessary to conduct the investigation. On January 10, 2024, the Group appealed this request to APDC.

During 2024 the Group received rejection of the appeals from the lower courts. The cassation appeal was filed on October 16, 2024. The date of the hearing in the Supreme Court of the Republic of Kazakhstan has not yet been set.

The Management of the Group assessed the risk of the violation of the antimonopoly law as possible and accordingly has not accrued provision for losses in relation to any of the abovementioned investigations and notices as of December 31, 2024.

Network sharing with 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Network sharing with Mobile Telecom-Service LLP (continued)

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.

Currently, the companies are in process of negotiation to resolve the dispute that arose under the agreement and to conclude a Mediation Agreement. 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.

32. SUBSEQUENT EVENTS

During the period from 1 January till 20 February 2025, the Group received two tranches from Nurbank JSC in the amount of 6,000 million tenge for a period of 21 and 20 months, respectively, with an interest rate of 15.75% per annum.

During the period from 1 January till 20 February 2025, the Group repaid a loan from Nurbank JSC in the amount of 4,000 million tenge.