

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****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 March 2025 and 31 December 2024, the Company is controlled by Kazakhtelecom JSC. Kazakhtelecom JSC is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund Samruk-Kazyna JSC (Samruk-Kazyna) which owns 79.2% of Kazakhtelecom’s issued common shares. Issued shares of the Company are listed on the Kazakhstan Stock Exchange (KASE).

As at 31 March 2025 and 31 December 2024, the shareholders of the Company are presented as follow:

	<b>31 March 2025</b>	<b>31 December 2024</b>
Kazakhtelecom JSC	<b>51.00%</b>	51.00%
Private company KC HOLDING LTD	<b>14.87%</b>	14.87%
First Heartland Jusan Bank JSC	<b>9.06%</b>	9.08%
Single accumulative pension fund JSC	<b>7.06%</b>	7.10%
ZHASYL DAMU JSC	<b>4.36%</b>	2.73%
KAZPOST JSC	<b>3.42%</b>	3.36%
Sovereign Wealth Fund Samruk-Kazyna JSC	<b>2.40%</b>	2.97%
Raiffeisenbank JSC	<b>1.54%</b>	1.54%
Other	<b>6.29%</b>	7.35%
	<b>100.00%</b>	100.00%

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

	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
KazNet Media LLP	<b>100%</b>	100%

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

The interim condensed consolidated financial statements were authorised for issue by the Chairman of the Management Board on 14 May 2025.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****2. BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the three months ended 31 March 2025 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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

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

**Going concern**

As of 31 March 2025, the Group's current liabilities exceeded its current assets by 66,827 million tenge. The Group's current liabilities mainly comprise short-term loans and borrowings in the amount of 49,708 million tenge, trade and other payables in the amount of 37,890 million tenge, taxes payable in the amount of 3,942 million tenge and other current financial and non-financial liabilities.

The management believes that the Group will continue its activity in accordance with the principle of going concern, and in making such a judgement, the management took into account current intentions of the Group and its financial position. In particular, the following 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 March 2025.

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 condensed consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2025. 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.

**Foreign currency translation**

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

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

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

	31 March 2025	31 December 2024
US dollar	503.42	523.54
Euro	542.08	546.47
Russian ruble	6	4.99

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****3. MATERIAL ACCOUNTING POLICIES****New standards, interpretations and amendments adopted by the Group**

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

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

**Lack of exchangeability - Amendments to IAS 21**

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Group's financial statements.

**4. 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 analyse 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 interim condensed consolidated financial statements prepared in accordance with IFRS. Management has determined a single operating segment, being mobile communication services based on these internal reports.

**5. SHARE CAPITAL AND EARNINGS PER SHARE**

Share capital of the Group is as follows:

	31 March 2025		31 December 2024	
	Share	Number of shares	Share	Number of shares
Kazakhtelecom JSC	51.00%	102,000,000	51.00%	102,000,000
Private company KC HOLDING LTD	14.87%	29,745,215	14.87%	29,745,215
First Heartland Jusan Bank JSC	9.06%	18,125,196	9.08%	18,167,753
Single accumulative pension fund JSC	7.06%	14,116,287	7.10%	14,207,642
ZHASYL DAMU JSC	4.36%	8,728,461	2.73%	5,458,754
KAZPOST JSC	3.42%	6,839,043	3.36%	6,719,658
Sovereign Wealth Fund Samruk-Kazyna JSC	2.40%	4,801,632	2.97%	5,943,939
Raiffeisenbank JSC	1.54%	3,070,664	1.54%	3,070,664
Other	6.29%	12,573,502	7.35%	14,686,375
	100.00%	200,000,000	100.00%	200,000,000

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025**

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

<i>In millions of tenge</i>	<b>Three months ended</b>	
	<b>31 March 2025</b>	<b>31 March 2024</b>
Profit for the period attributable to equity shareholders	1,199	2,798
Weighted average number of ordinary shares	200,000,000	200,000,000
<b>Earnings per share (tenge), basic and diluted</b>	<b>6.00</b>	<b>13.99</b>

The Group has no dilutive or potentially dilutive securities outstanding.

**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 March 2025 and 31 December 2024 is presented below:

<i>In millions of tenge</i>	<b>31 March 2025</b>	<b>31 December 2024</b>
Net assets, excluding intangible assets	69,923	64,116
Number of ordinary shares in issue	200,000,000	200,000,000
<b>Cost of ordinary share, calculated in accordance with listing requirements of the KASE (tenge)</b>	<b>349.62</b>	<b>320.58</b>

During the three months ended 31 March 2025 and 2024, the Group did not declare dividends payable.

**6. PROPERTY AND EQUIPMENT**

During the three-months period ended 31 March 2025, additions to property and equipment totaled to 15,857 million tenge (during the three-months period ended 31 March 2024: 14,114 million tenge).

During the three-months period ended 31 March 2025, transfers from construction-in-progress to property and equipment amounted to 16,128 million tenge (during the three-months period ended 31 March 2024: 8,481 million tenge).

During the three-months period ended 31 March 2025, the Group recognized depreciation expense in the amount of 7,315 million tenge (during the three-months period ended 31 March 2024: 4,759 million tenge).

During the three months period ended 31 March 2025, the Group recognized a decrease in changes in estimates in assets retirement obligation in the amount of 41 million tenge (during the three months period ended 31 March 2024: the decrease in the amount of 291 million tenge).

As of 31 March, 2025, the Group made prepayments for certain property and equipment mainly represented by equipment for base stations in the amount of 1,031 million tenge (31 December 2024: 1,103 million tenge).

As of 31 March 2025, the gross carrying value of property and equipment which has been fully depreciated and still in use, was 198,505 million tenge (as of 31 December 2024: 195,646 million tenge).

During the three-months period ended 31 March 2025, the Group has written off the property and equipment with net book value in the amount of 7 million tenge (during the three-months period ended 31 March 2024: 54 million tenge).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025**

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**7. INTANGIBLE ASSETS**

During the three-months period ended 31 March 2025, the Group acquired intangible assets in the amount 955 million tenge (during three-months period ended 31 March 2024: 4,085 million tenge).

During the three-months period ended 31 March 2025, the Group recognized amortization expense in the amount of 5,563 million tenge (during three-months period ended 31 March 2025: 5,948 million tenge).

As of 31 March 2025, the carrying amount of 5G license was 68,931 million tenge (31 December 2024: 70,231 million tenge) and its remaining amortization period was 13 years. As of 31 March 2025, the carrying amount of the 4G license was 10,111 million tenge (31 December 2024: 10,544 million tenge) and its remaining amortization period was 5 years. As of 31 March 2025, the carrying amount of 3G license was 250 million tenge (31 December 2024: 333 million tenge) and its remaining amortization period was 9 months.

As of 31 March 2025, the historical cost of intangible assets, which have been fully amortized and still in use, was 36,676 million tenge (31 December 2024: 34,526 million tenge).

During 2025, the Group continued developing its own digital products, which will be used by the Group and its clients in the future, such as scoring system, development of SuperApp and internal multichannel tool for partner companies. As of 31 March 2025, the carrying value of intangible assets represented by internally developed digital products included in the development costs amounted to 4,577 million tenge (31 December 2024: 4,113 million tenge). Costs capitalized as development costs meet the criteria for recognition as intangible assets under IAS 38.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****8. TRADE RECEIVABLES**

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

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Trade receivables from subscribers	35,501	34,383
Trade receivables from interconnect services	1,844	1,840
Trade receivables from dealers and distributors	788	799
Trade receivables from roaming operators	781	779
Trade receivables from related parties (Note 20)	2,357	2,186
Less: allowance for expected credit losses	(8,585)	(8,181)
	<b>32,686</b>	<b>31,806</b>
Less: long-term portion of trade receivables from subscribers	(6,299)	(5,404)
	<b>26,387</b>	<b>26,402</b>

During the three months ended 31 March, movements in the allowance for expected credit losses were as follows:

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 March 2024</b>
Allowance for expected credit losses at the beginning of the period	(8,181)	(4,830)
Charge for the period	(929)	(1,346)
Write-off for the period	525	-
Allowance for expected credit losses at the end of the period	<b>(8,585)</b>	<b>(6,176)</b>

**9. INVENTORIES**

As at 31 March 2025 and 31 December 2024, inventories comprised:

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Handsets and accessories (at lower of cost and net realizable value)	9,441	7,713
Start packages (at cost)	174	245
SIM-cards (at cost)	135	195
Marketing materials (at cost)	106	31
Other materials (at cost)	1,463	996
	<b>11,319</b>	<b>9,180</b>

During the three-month period ended 31 March 2025, the Group did not recognize a write-off (during three-month period ended 31 March 2024: write-off of 350 million tenge) for inventories carried at net realisable value, which is recognized within general and administrative expenses.

**10. OTHER CURRENT NON-FINANCIAL ASSETS**

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

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Prepaid taxes other than income taxes	2,446	1,877
Advances paid	2,434	1,919
Prepaid expenses	1,540	1,150
VAT recoverable	731	85
	<b>7,151</b>	<b>5,031</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****11. CASH AND CASH EQUIVALENTS**

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

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Bank deposits with original maturity of less than 90 days	<b>9,263</b>	7,044
Cash on current bank accounts	<b>964</b>	1,750
Cash on hand	<b>4</b>	7
	<b>10,231</b>	8,801

As of 31 March 2025, short-term bank deposits represent overnight deposits in tenge in Halyk Bank JSC at interest rate 16.00% in the amount of KZT 3,600 million, and deposit in USD at interest rate 3.0% in the amount of USD 0,084 million.

Additionally, Kcell JSC placed deposits totaling USD 11.2 million in Kazpost JSC from 31 March 2025 to 30 April 2025, at interest rate of 4%.

As at 31 March 2025 and 31 December 2024, cash and cash equivalents were denominated in various currencies as follows:

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
US dollars	<b>5,768</b>	5,005
Tenge	<b>4,462</b>	3,795
Russian roubles	<b>1</b>	1
	<b>10,231</b>	8,801

**12. BORROWINGS**

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

<i>In millions of tenge</i>	<b>Currency</b>	<b>Effective interest rate</b>	<b>Nominal interest rate</b>	<b>Maturity date</b>	<b>31 March 2025</b>	<b>31 December 2024</b>
AIX Bonds	Tenge	16.90%	17.00%	September 2027	<b>30,374</b>	30,355
AIX Bonds	Tenge	17.50%	17.50%	June 2025	<b>25,299</b>	25,282
AIX Bonds	Tenge	17.50%	17.50%	April 2027	<b>15,592</b>	15,572
AIX Bonds	Tenge	16.90%	17.00%	October 2027	<b>15,443</b>	15,430
Nurbank JSC	Tenge	17.00%	15.75%	September 2026	<b>6,000</b>	4,000
Nurbank JSC	Tenge	18.30%	17.00%	September 2026	<b>12,000</b>	–
					<b>104,708</b>	90,639
Less: non-current portion					<b>(55,000)</b>	(47,667)
					<b>49,708</b>	42,972

The Group's borrowings 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 March 2025 and 31 December 2024, there have been no breaches of the covenants.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025**

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**12. BORROWINGS (CONTINUED)***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 these bonds within current liabilities.

In September 2024, the Group issued third tranche of bonds with a nominal value of 30,000 million tenge with a floating interest rate (the coupon rate is calculated as an average of the base rates set by the National Bank of the Republic of Kazakhstan during the coupon period and plus fixed margin of 0.5%) with the maturity till September 2027.

In 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 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.

In January 2025, the Group repaid 4,000 million tenge.

In January 2025, the Group obtained a loan from Nurbank JSC of 4,000 million tenge with the effective interest rate of 17.00% per annum. Maturity date of the loan is 8 September 2026.

In February 2025, the Group obtained a loan from Nurbank JSC of 2,000 million tenge with the effective interest rate of 17.00% per annum. Maturity date of the loan is 8 September 2026.

In March 2025, the Group obtained a loan from Nurbank JSC of 12,000 million tenge with the effective interest rate of 18.30% per annum. Maturity date of the loan is 8 September 2026.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended 31 March 2025

**13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

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

<i>In millions of tenge</i>	<b>Total</b>
<b>Cost</b>	
As at 1 January 2024 (audited)	64,988
Additions	386
Modification	1,714
As at 31 March 2024	67,088
<b>As at 1 January 2025 (audited)</b>	<b>80,601</b>
Additions	1,211
Modification	2,591
As at 31 March 2025	84,403
<b>Accumulated depreciated</b>	
As at 1 January 2024	(23,826)
Depreciation charge	(1,490)
As at 31 March 2024	(25,316)
<b>As at 1 January 2025</b>	<b>(31,591)</b>
Depreciation charge	(1,997)
As at 31 March 2025	(33,588)
<b>Net book value</b>	
As at 31 December 2024	49,010
As at 31 March 2025	50,815

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

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 March 2024 (unaudited)</b>
<b>At the beginning of the year</b>	<b>51,917</b>	<b>43,557</b>
Interest expenses	1,421	578
Payments	(2,786)	(2,271)
Additions	1,211	386
Modification	2,591	1,714
<b>At the end of the period</b>	<b>54,354</b>	<b>43,964</b>
<b>Short-term lease liabilities</b>	<b>5,907</b>	<b>5,368</b>
<b>Long-term lease liabilities</b>	<b>48,447</b>	<b>38,596</b>

The following amounts are recognised in profit or loss:

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 March 2024 (unaudited)</b>
Depreciation expense of right-of use assets	1,997	1,490
Interest expense on lease liabilities	1,421	578
<b>Total amount, recognized in profit or loss</b>	<b>3,418</b>	<b>2,068</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****14. TRADE PAYABLES**

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

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Trade payables to third parties	<b>36,539</b>	37,987
Trade payables to related parties ( <i>Note 20</i> )	<b>4,134</b>	5,505
	<b>40,673</b>	43,492
Less: long-term portion of trade payables	<b>(2,783)</b>	(3,754)
	<b>37,890</b>	39,738

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

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Tenge	<b>24,399</b>	24,618
EUR	<b>15,342</b>	17,313
US Dollars	<b>894</b>	1,554
Other currencies	<b>38</b>	7
	<b>40,673</b>	43,492

**15. PROVISIONS**

As at 31 March 2025 and 31 December 2024 amount of provisions comprised of the following:

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Fines and penalties on contractual obligations	<b>7,441</b>	7,476
	<b>7,441</b>	7,476

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended 31 March 2025

**16. GOVERNMENT GRANTS**

<i>In millions of tenge</i>	<b>31 March 2025 (unaudited)</b>	<b>31 March 2024 (unaudited)</b>
Government grants as at 1 January	27,032	18,137
Received during the period	–	3,687
Released to the consolidated statement of comprehensive income	(1,463)	(1,463)
<b>Government grants as at 31 March</b>	<b>25,569</b>	<b>20,361</b>
Government grants: current portion	5,853	4,273
Government grants: non-current portion	19,716	16,088

In 2021 the Government approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices (“the Rules”), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from 1 January 2020 till 1 January 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities. As at 31 March 2025 the Government did not announce an extension of the grants, and the Group is paying fee for use of radio frequencies in full.

The funds released as a result of reduction in the annual fee for use of radio frequencies for the three months ended 31 March 2024 in the amount of 3,687 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 recognized in profit or loss on a systematic basis over the useful life of the asset. As of 31 March 2024, the balance of deferred income recognized was equal to 25,569 million tenge (As of 31 December 2024: 27,032 million tenge), and part of the government grants released to the profit and loss over the period necessary to match the related depreciation charges equals to 1,463 million tenge.

**17. REVENUE FROM CONTRACTS WITH CUSTOMERS**

	<b>For the three months ended 31 March</b>	
<i>In millions of tenge</i>	<b>2025 (unaudited)</b>	<b>2024 (unaudited)</b>
Voice and data services	44,126	41,843
Sale of goods and equipment	9,564	8,124
Value added services	2,997	5,332
Other	2,265	1,733
	<b>58,952</b>	<b>57,032</b>
Over time	49,388	48,908
At point of time	9,564	8,124
	<b>58,952</b>	<b>57,032</b>

As at 31 March 2025 and 31 December 2024, the contract liabilities in the amount of 7,426 million tenge and 8,726 million tenge, respectively, were represented by deferred revenue.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****18. COST OF SALES**

<i>In millions of tenge</i>	<b>For the three months ended 31 March</b>	
	<b>2025 (unaudited)</b>	<b>2024 (unaudited)</b>
Depreciation and amortization	14,256	11,634
Cost of handsets, SIM-card and scratch card sales	9,126	6,996
Fees for use of frequency range	5,280	4,424
Personnel costs	4,667	4,529
Transmission services	3,909	3,667
Repair and maintenance	3,342	2,862
Interconnect fees and expenses	2,823	3,225
Electricity	2,549	1,734
Network sharing agreement	1,867	1,718
Mobile service tax	546	509
Security and safety	95	86
Materials	58	50
Other	1,130	1,155
	<b>49,648</b>	<b>42,589</b>

**19. INCOME TAX EXPENSE**

<i>In millions of tenge</i>	<b>For the three months ended 31 March</b>	
	<b>2025 (unaudited)</b>	<b>2024 (unaudited)</b>
Current income tax expense	367	1,044
Deferred income tax benefit	64	(257)
	<b>431</b>	<b>787</b>

**20. 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 March 2025, the Group recognized an allowance for expected credit losses in the amount of 297 million tenge in respect of receivables from related parties (31 December 2024: 379 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 controlling shares (*Note 1*). Governmental entities include entities under common control and associates of the Government of the Republic of Kazakhstan.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****20. RELATED PARTY DISCLOSURES (continued)**

Related party transactions were made on terms agreed between parties that may not necessarily be at market rate. Sales and purchases with related parties for three months ended 31 March 2025 and 2024, and the balances with related parties as at 31 March 2025 and 2024, were as follows:

<i>In millions of tenge</i>	<b>For the three months ended 31 March</b>	
	<b>2025</b> <b>(unaudited)</b>	<b>2024</b> <b>(unaudited)</b>
<b>Sales of goods and services</b>		
Entities of Samruk Kazyna Group	103	148
Entities of Kazakhtelecom Group	1,340	6,348
Government entities	145	81
	<b>1,588</b>	<b>6,577</b>
<b>Purchases of goods and services</b>		
Entities of Samruk Kazyna Group	65	158
Entities of Kazakhtelecom Group	4,370	12,883
Government entities	64	145
	<b>4,499</b>	<b>13,186</b>
<b>Finance expense</b>		
Entities of Samruk Kazyna Group (AIX bonds)	3,459	–
Other shareholders	–	14
<i>In millions of tenge</i>		
	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
<b>Trade receivables (Note 8)</b>		
Entities of Samruk Kazyna Group	246	142
Entities of Kazakhtelecom Group	1,329	1,523
Government entities	782	521
	<b>2,357</b>	<b>2,186</b>
<b>Trade payables (Note 14)</b>		
Entities of Samruk Kazyna Group	16	65
Entities of Kazakhtelecom Group	4,102	5,423
Government entities	17	17
	<b>4,134</b>	<b>5,505</b>
<b>Borrowings (Note 12)</b>		
Entities of Samruk Kazyna Group (AIX bonds)	86,708	86,639
	<b>86,708</b>	<b>86,639</b>
<b>Cash and deposit accounts</b>		
Other shareholders	–	4,491

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****20. RELATED PARTY DISCLOSURES (continued)****Compensation to key management personnel**

For the three months ended 31 March 2025 and 2024, the total compensation to key management personnel included in the accompanying consolidated statement of comprehensive income under general and administrative expenses was 163 million tenge and 111 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.

**21. FINANCIAL INSTRUMENTS****Fair value**

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

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

<i>In millions of tenge</i>	<b>Date of valuation</b>	<b>Price quotation on active market (Level 1)</b>	<b>Significant observable in-puts (Level 2)</b>	<b>Significant unobservable in-puts (Level 3)</b>	<b>Total</b>
<b>Assets for which fair values are disclosed</b>					
Short-term trade receivables	31 March 2025	–	–	26,387	26,387
Long-term trade receivables	31 March 2025	–	–	6,222	6,222
Other current financial assets	31 March 2025	–	–	419	419
<b>Liabilities for which fair values are disclosed</b>					
Borrowings	31 March 2025	–	–	101,461	101,461
Trade payables	31 March 2025	–	–	40,689	40,689

<i>In millions of tenge</i>	<b>Date of valuation</b>	<b>Price quotation on active market (Level 1)</b>	<b>Significant observable in-puts (Level 2)</b>	<b>Significant unobservable in-puts (Level 3)</b>	<b>Total</b>
<b>Assets for which fair values are disclosed</b>					
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
<b>Liabilities for which fair values are disclosed</b>					
Borrowings	31 December 2024	–	–	88,633	88,633
Trade payables	31 December 2024	–	–	43,409	43,409

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025****21. FINANCIAL INSTRUMENTS (continued)****Fair values (continued)**

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

<i>In millions of tenge</i>	Carrying amount 31 March 2025	Fair value 31 March 2025	Unrecogni- sed gain/(loss)	Carrying amount 31 December 2024	Fair value 31 December 2024	Unrecogni- sed gain/(loss)
<b>Financial assets</b>						
Cash and cash equivalents	10,231	10,231	–	8,801	8,801	–
Short-term trade receivables	26,387	26,387	–	26,402	26,402	–
Long-term trade receivables	6,299	6,222	(77)	5,404	5,437	(33)
Other current financial assets	419	419	–	370	370	–
<b>Financial liabilities</b>						
Borrowings	104,708	101,461	3,247	90,639	88,633	2,006
Trade payables	40,673	40,689	(16)	43,492	43,409	83
<b>Total unrecognised change in unrealised fair value</b>			<b>3,154</b>			<b>2,056</b>

**22. 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 March 2025, the Group had contractual commitments totaling 59,710 million tenge, excluding VAT (as at 31 December 2024: 53,699 million tenge, excluding VAT), which as well includes capital expenditures in respect to new technical regulations described below.

**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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025**

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**22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)****Technical regulations (continued)**

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/ke 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/ke 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 March 2025, accumulated amount of capitalized expenditures of integrated HSS to meet the 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 18,271 million tenge by 2032.

**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 March 2025 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 has submitted consolidated report 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 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.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025**

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**23. COMMITMENTS AND CONTINGENT LIABILITIES (continued)****Antitrust investigation***Investigation of Agency for the Protection and Development of Competition of the Republic of Kazakhstan in relation to highest possible price for mobile services.*

In accordance with 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 responded to the APDC's request as part of the investigation.

On March 6, 2025, APDC issued Administrative Offence Report No. 2 under Article 162 of the Code of Administrative Offences of the Republic of Kazakhstan (the "Report"), citing the incomplete provision of responses to the aforementioned request. On March 11, 2025 the administrative case materials were submitted to the court for substantive consideration and adjudication.

By and order of APDC, the investigation has been suspended as of March 11, 2025.

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 March 31, 2025.

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

In accordance with 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 March 31, 2025.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the three months ended 31 March 2025**

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**22. COMMITMENTS AND CONTINGENT LIABILITIES (continued)****Notifications of the Mobile Telecom-Service LLP**

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

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

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

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

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 three months ended 31 march 2025 and 2024 are sufficient to cover any future outflows to settle liabilities under the MOCN agreement.

**23. SUBSEQUENT EVENTS**

In the period from April 1 to May 14, 2024, inclusive, the Group received a loan from DB Bank of China in Kazakhstan in the amount of 15,000 million at 17% interest. During the same period, the Group repaid loans to Nurbank JSC in the amount of KZT 12,000 million at 17% per annum.