



Kazakhtelecom JSC

Consolidated financial statements

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

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Independent auditor's report

Consolidated financial statements

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Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of Kazakhtelecom JSC and its subsidiaries (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 is generated in a significant number 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 involvement of 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 32 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 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.

Impairment of non-current assets, including goodwill

Property and equipment, intangible assets and goodwill bear risk of impairment in light of fast technological changes in the telecommunication industry.

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 amounts.

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.

Impairment of non-current assets was one of the matters of most significance in our audit, because impairment testing of cash-generating units (CGUs) when impairment indicators are present or when annual impairment testing of the asset is required, is complex, based on highly judgmental assumptions,

Information on impairment test performed is disclosed in *Notes 4 and 11* to the consolidated financial statements.

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.

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

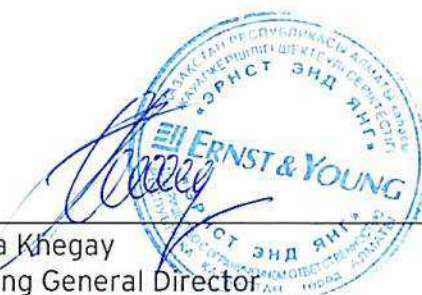


Adil Syzdykov
Auditor

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

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

20 March 2025



Olga Kheday
Acting 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2024**

<i>In thousands of tenge</i>	Note	As at 31 December 2024	As at 31 December 2023
Assets			
Non-current assets			
Property and equipment	8	554,710,478	662,836,825
Investment properties		–	105,995
Intangible assets	9	173,635,531	341,989,215
Goodwill	11	56,196,278	152,402,245
Investment in a joint venture	10	188,659	–
Right-of-use assets	23	49,372,750	86,297,307
Advances paid for non-current assets	8	1,288,341	2,268,635
Cost to obtain contracts		2,734,805	2,700,469
Cost to fulfil contracts		2,341,077	45,276
Other non-current non-financial assets	13	11,742,064	10,803,207
Other non-current financial assets	12	8,974,898	5,757,350
Equity instruments at fair value through profit or loss	42	8,505,177	–
Deferred tax assets	40	163,330	369,451
Total non-current assets		869,853,388	1,265,575,975
Current assets			
Inventories	14	14,443,043	16,377,249
Trade receivables	15	42,539,089	50,755,814
Advances paid	16	3,840,059	9,695,088
Corporate income tax prepaid	40	76,099,794	4,848,165
Cost to fulfil contracts		487,932	556,811
Other current non-financial assets	19	8,252,368	13,155,629
Other current financial assets	17	4,748,972	5,280,059
Financial assets carried at amortised cost	18	21,331,156	45,770,813
Cash and cash equivalents	20	24,479,950	70,984,738
		196,222,363	217,424,366
Assets held for sale	41	577,345,426	–
Total current assets		773,567,789	217,424,366
Total assets		1,643,421,177	1,483,000,341

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	<i>Note</i>	As at 31 December 2024	As at 31 December 2023
Equity and liabilities			
Share capital	21	12,136,529	12,136,529
Treasury shares	21	(7,065,614)	(7,065,614)
Foreign currency translation reserve		(9,266)	23,441
Other capital reserves	21	1,820,479	1,820,479
Retained earnings		751,128,422	702,957,922
		758,010,550	709,872,757
Non-controlling interests	6	96,835,822	93,789,580
Total equity		854,846,372	803,662,337
Non-current liabilities			
Borrowings	22	143,237,165	210,801,920
Lease liabilities	23	47,051,485	79,673,946
Employee benefit obligations	24	15,228,294	13,835,162
Debt component of preferred shares	21	814,868	814,868
Contract liabilities	25	9,205,440	7,088,642
Government grants	31	27,199,654	31,762,239
Asset retirement obligation	26	5,013,452	13,580,106
Deferred tax liabilities	40	64,433,388	25,734,663
Other non-current financial liabilities		3,753,777	7,339,002
Total non-current liabilities		315,937,523	390,630,548
Current liabilities			
Borrowings	22	152,981,863	80,589,678
Lease liabilities	23	5,619,512	11,844,932
Employee benefit obligations	24	1,273,902	1,271,934
Trade payables	27	82,949,540	106,813,027
Corporate income tax payable		22,803	-
Contract liabilities	29	17,412,585	32,614,490
Government grants	31	7,596,319	8,414,199
Other current non-financial liabilities	30	8,690,603	14,293,328
Other current financial liabilities	28	28,603,255	32,865,868
		305,150,382	288,707,456
Liabilities directly associated with assets held for sale	41	167,486,900	-
Total current liabilities		472,637,282	288,707,456
Total liabilities		788,574,805	679,338,004
Total equity and liabilities		1,643,421,177	1,483,000,341

First Deputy Chairman of the Management Board

Chief Treasurer

Chief Accountant



A. A. Nurkatov

M. S. Bigaliyev

M. M. Urazimanova

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2024**

<i>In thousands of tenge</i>	Note	2024	2023 (restated)*
Continuing operations			
Revenue from contracts with customers	32	481,548,833	457,752,533
Compensation for provision of universal services in rural areas	33	5,025,725	8,853,903
Income from government grants	31	8,062,944	6,054,918
		494,637,502	472,661,354
Cost of sales	34	(384,914,208)	(351,435,980)
Gross profit		109,723,294	121,225,374
General and administrative expenses	35	(42,171,524)	(36,670,263)
Impairment loss on financial assets	45	(3,309,166)	(10,221,476)
Non-financial assets impairment (loss)/gain on reversal	45	(1,424,347)	55,127
Selling expenses	36	(9,052,536)	(10,074,187)
Loss on disposal of property and equipment, net		(920,897)	(1,002,770)
Other operating income	39	4,829,218	6,795,442
Other operating expenses	39	2,364,284	(2,365,060)
Operating profit		60,038,326	67,742,187
Share in profits of a joint venture		(236,259)	-
Gain on revaluation of equity instruments at fair value through profit or loss	42	2,260,279	-
Finance costs	38	(39,709,604)	(28,381,196)
Finance income	38	7,226,012	13,077,295
Net foreign exchange gain/(loss)		2,633,067	(3,587,875)
Profit before tax from continuing operations		32,211,821	48,850,411
Income tax expenses	40	(8,070,868)	(12,201,191)
Profit for the year from continuing operations		24,140,953	36,649,220
Discontinued operations			
Profit after tax for the year from discontinued operations	41	53,090,340	67,753,989
Profit for the year		77,231,293	104,403,209

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	<i>Note</i>	<i>2024</i>	<i>2023 (restated)*</i>
Other comprehensive loss			
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Foreign exchange differences from translation of financial statements of foreign subsidiaries		(32,707)	(2,742)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(32,707)	(2,742)
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Actuarial (loss)/income on defined benefits plans	24	(2,487,553)	2,280,970
Tax effect	40	(543,951)	(279,987)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		(3,031,504)	2,000,983
Other comprehensive (loss)/income for the year, net of income tax		(3,064,211)	1,998,241
Other comprehensive income for the year, net of income tax		74,167,082	106,401,450
Profit attributable to:			
Equity holders of the Parent		74,185,051	93,067,044
Non-controlling interests	6	3,046,242	11,336,165
		77,231,293	104,403,209
Total comprehensive income attributable to:			
Equity holders of the Parent		71,120,840	95,065,285
Non-controlling interests	6	3,046,242	11,336,165
		74,167,082	106,401,450
Basic and diluted, net profit for the year attributable to ordinary equity holders of the Parent, tenge	21	6,749.29	8,465.09
Basic and diluted, net profit from discontinued operations for the year attributable to ordinary equity holders of the Parent, tenge	21	4,824.29	6,156.76
Basic and diluted, net profit from continuing operations for the year attributable to ordinary equity holders of the Parent, tenge	21	1,925.01	2,308.33

* Certain amounts given in this column are not consistent with the consolidated financial statements for 2023 as they reflect the adjustments made to recognize the discontinued operations of Mobile Telecom-Service LLP, as detailed in Note 41.

First Deputy Chairman of the Management Board

Chief Treasurer

Chief Accountant



A. A. Nurkatov

M. S. Bigaliyev

M. M. Urazimanova

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

In thousands of tenge	Attributable to equity holders of the Parent						Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Other reserves	Retained Profit	Total		
Note	21	21		21			6	
At 1 January 2023	12,136,529	(7,065,614)	26,183	1,820,479	641,236,831	648,154,408	82,453,415	730,607,823
Net profit for the year	-	-	-	-	93,067,044	93,067,044	11,336,165	104,403,209
Other comprehensive income	-	-	(2,742)	-	2,000,983	1,998,241	-	1,998,241
Total comprehensive income	-	-	(2,742)	-	95,068,027	95,065,285	11,336,165	106,401,450
Dividends (Note 21)	-	-	-	-	(33,346,936)	(33,346,936)	-	(33,346,936)
At 31 December 2023	12,136,529	(7,065,614)	23,441	1,820,479	702,957,922	709,872,757	93,789,580	803,662,337
Net profit for the year	-	-	-	-	74,185,051	74,185,051	3,046,242	77,231,293
Other comprehensive loss	-	-	(32,707)	-	(3,031,504)	(3,064,211)	-	(3,064,211)
Total comprehensive income	-	-	(32,707)	-	71,153,547	71,120,840	3,046,242	74,167,082
Dividends (Note 21)	-	-	-	-	(22,983,047)	(22,983,047)	-	(22,983,047)
At 31 December 2024	12,136,529	(7,065,614)	(9,266)	1,820,479	751,128,422	758,010,550	96,835,822	854,846,372

First Deputy Chairman of the Management Board

Chief Treasurer

Chief Accountant



A. A. Nurkatov

M. S. Bigaliyev

M. M. Urazimanova

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December 2024**

<i>In thousands of tenge</i>	Note	2024	2023 (restated)*
Operating activities			
Profit before tax for the year from continuing operations		32,211,821	48,850,411
Profit before tax for the year from discontinued operations		124,740,158	85,387,380
Adjustment for:			
Depreciation of property and equipment and right-of-use assets	8, 23	80,092,224	94,997,263
Amortisation of intangible assets	9	34,334,251	41,855,295
Impairment loss on non-financial assets	45, 41	9,272,947	760,899
Impairment loss on financial assets	45, 41	3,309,166	10,443,884
Net expenses/(income) from revaluation of foreign currency items		(2,614,724)	3,954,737
Changes in employee benefit obligations		2,534,622	1,950,688
Write-down of inventories to net realisable value	35	422,646	867,068
Group's share of profit in associates	10	236,259	–
Finance costs	38	51,947,125	38,920,897
Finance income	38	(11,086,663)	(15,802,142)
Reversal of provision for fines and penalties		(1,653,021)	1,976,267
Income from government grants	31	(13,372,789)	(9,459,782)
Loss on disposal of property and equipment, net		920,897	898,616
Gain on revaluation of equity instruments at fair value through profit or loss	42	(2,260,279)	–
Income from disposal of an associate		–	(876,945)
Other		245,579	–
Operating cash flows before changes in operating assets and liabilities		309,280,219	304,724,536
Changes in operating assets and liabilities			
Change in trade receivables		(2,695,109)	(16,248,866)
Change in inventories		(2,318,124)	(3,387,003)
Change in other current assets		2,712,428	9,442,407
Change in advances paid		1,622,427	(3,874,576)
Change in trade payables		2,124,320	(22,829,773)
Change in cost to obtain contracts and cost to fulfil contracts		(3,581,182)	249,235
Change in contract liabilities		3,875,406	4,802,473
Change in other current liabilities		28,664,676	29,552,692
Cash inflows from operating activities		339,685,061	302,431,125
Income tax paid		(99,771,143)	(35,374,841)
Interest paid	45	(47,482,474)	(35,316,158)
Interest received		7,138,979	9,181,452
Net cash flows from operating activities		199,570,423	240,921,578

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Note	2024	2023
Investing activities			
Purchase of property and equipment		(188,414,842)	(194,476,548)
Purchase of intangible assets		(26,633,549)	(180,406,973)
Proceeds from sale of property and equipment		5,091,841	508,944
Purchase of financial assets at amortized cost	18	(83,546,765)	(195,250,278)
Proceeds from sale of financial assets at amortised cost	18	109,938,227	166,568,148
Purchase of equity instruments at fair value through profit or loss	42	(6,244,898)	-
Placement of deposits	12	(128,674)	(796,132)
Refund on deposits	12	424,323	810,299
Purchase of interest in a joint venture	10	(424,918)	-
Proceeds from the sale of 49% of the shares of an associate	10	-	4,544,676
Return of restricted cash		7,628	-
Issue of long-term loans to employees		(1,755,319)	(5,871,872)
Repayment of loans by employees		495,938	385,512
Dividends received from an associate	10	-	50,219
Net cash flows used in investing activities		(191,191,008)	(403,934,005)
Financing activities			
Proceeds from borrowings	45	285,776,550	133,584,742
Repayment of borrowings	45	(251,317,490)	(91,120,692)
Dividends paid on common and preferred shares	21	(23,069,640)	(33,411,753)
Repayment of principal portion of deferred tax liabilities		(3,585,225)	-
Repayment of principal portion of lease liabilities	45	(12,868,844)	(12,109,799)
Net cash flows used in financing activities		(5,064,649)	(3,057,502)
Effect of foreign exchange differences on cash and cash equivalents		1,337,238	(5,074,734)
Expected credit losses on cash and cash equivalents	20	2,396	7,247
Net change in cash and cash equivalents		4,654,400	(171,137,416)
Cash and cash equivalents, as at 1 January	20	70,984,738	242,122,154
Cash and cash equivalents, as at 31 December	20	75,639,138	70,984,738

* Certain amounts given in this column are not consistent with the consolidated financial statements for 2023 as they reflect the adjustments made to recognize the discontinued operations of Mobile Telecom-Service LLP, as detailed in Note 41.

Significant non-cash transactions are disclosed in Note 43.

First Deputy Chairman of the Management Board

Chief Treasurer

Chief Accountant



A. A. Nurkatov

M. S. Bigaliyev

M. M. Urazimanova

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Kazakhtelecom JSC (the “Company” or “Kazakhtelecom”) was established in June 1994 in accordance with the legislation of the Republic of Kazakhstan.

The Company is incorporated, domiciled and operates in the Republic of Kazakhstan. The legal address of the Company is: 12 Sauran Str., Astana, 010000, Republic of Kazakhstan.

The Company is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund “Samruk-Kazyna” JSC (“Samruk-Kazyna” or the “Parent”), which owns a controlling interest of 79.2% of the Company’s shares. Below is the list of the Company’s shareholders as at 31 December 2024:

	At 31 December 2024	At 31 December 2023
Samruk-Kazyna	79.2%	79.2%
Private Company Telecom Systems LTD	9%	–
First Heartland Jusan Bank JSC	–	9%
ADR (The Bank of New York – depository)	0.6%	0.6%
Corporate Fund <i>Social Development Fund</i>	3.4%	3.4%
Other	7.8%	7.8%
	100%	100%

The Company is included in the register of natural monopolies in relation to traffic transfer services provided to telecommunication operators, public switch telecommunication network (“PSTN”) connection services provided to third party telecommunication operators, and leasing of phone channels to telecommunication operators for connection to PSTN.

The Company and its subsidiaries listed in *Note 5* (hereinafter collectively referred to as the “Group”) have a significant share of the fixed line and mobile communication market, including local, long-distance intercity and international telecommunication services, including CIS and non-CIS countries; leases out lines and provides data transfer services, sells mobile devices and provides other telecommunication services.

These consolidated financial statements of the Group were approved for issue by the First Deputy Chairman of the Management Board on behalf of the Company’s Management on 20 March 2025.

2. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter, “IFRS”), as issued by International Accounting Standards Board (hereinafter, “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 thousand, except when otherwise indicated.

The Group has prepared its consolidated financial statements on the basis that it will continue to operate as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group's Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of comprehensive income. Any investment retained is recognised at fair value.

3. MATERIAL ACCOUNTING POLICIES

New and amended standards and interpretations

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

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to 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 transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

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

In September 2022, the IASB issued amendments to IFRS 16 to 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.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to 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 detailed information see *Note 22*.

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

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's consolidated 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 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 consolidated 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

IFRS 18 and the amendments to the other standards are effective for annual reporting periods beginning on or after 1 January 2027. Early adoption is permitted, but will need to 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 the 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. Early adoption is permitted.

As the Group's equity instruments 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, the IASB issued *Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7*. These amendments:

- Address how the 'own-use' requirements apply;
- Permit hedge accounting under certain conditions if these contracts are used as hedging instruments;
- Add disclosure requirements to enable investors to understand the effects of these contracts on a company's financial performance and cash flows.

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

The amendments on the application of the *own-use* requirements will apply retrospectively, while the guidance that permits hedge accounting will apply prospectively to new hedging relationships designated as such on or after the date of initial application.

The amendments are not expected to have a material impact on the Group's consolidated 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:

- Clarify that a financial liability is derecognised on the settlement date, i.e., when the obligation under the liability is discharged or cancelled or expired or the liability is subject to derecognition otherwise. Also, an option of accounting policy was developed that allows derecognising financial liabilities settled using an electronic payment system before the settlement date if certain criteria are satisfied;
- Clarify how to assess contractual cash flows of financial assets which comprise environmental, social and governance (ESG) features and other similar contingent features;
- Clarify the accounting treatment of assets with non-recourse features and contractually linked instruments;
- Introduce additional disclosure requirements in IFRS 7 for financial assets and liabilities with contractual terms linked to a contingent event (including those with ESG-linked features) and for equity instruments designated at fair value through other comprehensive income.

The issue of amendments completed the classification and measurement stage of the Post-implementation Review (PIR) of IFRS 9 *Financial Instruments* carried out by the International Accounting Standards Board (IASB).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICIES (continued)****Standards issued but not yet effective (continued)***Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (continued)*

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Entities are permitted to early adopt only the amendments addressing the classification of financial assets and the related disclosures and apply the remaining amendments later.

The new requirements will be applied retrospectively, with an adjustment made to retained earnings as at the beginning of the period. Prior periods are not subject to restatement and may be restated only if no retrospective analysis is used. An entity is required to disclose information on financial assets that are reclassified from one measurement category to another due to the amendments.

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

Foreign currency translation

The Group's consolidated financial statements are presented in tenge, which is the functional currency of the Company and its main subsidiaries. Tenge is the currency of the primary economic environment in which the Company and its main subsidiaries 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's 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 translated at the official exchange rate ruling at the reporting date established by Kazakhstan Stock Exchange ("KASE") and published by the National Bank of the Republic of Kazakhstan ("NBRK"). All translation differences are recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured at 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).

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 rouble	4.99	5.06

The functional currency of foreign operation KT-IX LLC (Russian Federation) is Russian rouble. On consolidation, the assets and liabilities of foreign operations are translated into tenge at the rate of exchange prevailing at the reporting date and their statement of comprehensive income is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Business combinations and goodwill (continued)**

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with the changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICIES (continued)****Current versus non-current classification of assets and liabilities (continued)**

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue and transfer of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Fair value measurement

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

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 *Note 45*.

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 the 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICIES (continued)****Fair value measurement (continued)**

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 AFS financial assets, 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. The Valuation Committee 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 Working Group 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.

The Working Group and its external appraisers provide the valuation results to the Audit Committee and independent auditors of the Group on a regular basis that assumes discussion of main assumptions used in valuation.

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 plant 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 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 27*) 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	50
Constructions	10–20
Telecommunication equipment	3–20
Other	3–20

Land is not depreciated.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICIES (continued)****Property and equipment (continued)***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 amortisation of intangible assets with finite useful lives are recognised in the consolidated statement of comprehensive income in the category of expenses, which corresponds to the function of the intangible asset.

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 amortised on a straight-line basis within the following estimated useful lives.

	Years
Licences	3–20
Computer software	1–14
Customer base	8–10
Other	2–15

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 the project 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.

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 benefits. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is any 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's) recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. 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. Where the current amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the 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 the 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 that are consistent with the function of the impaired asset.

For assets, excluding goodwill, 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 does it 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 statement of comprehensive income.

Goodwill

Goodwill is tested for impairment annually as at 31 December, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

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.

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.

The Group's financial assets include cash and cash equivalents, trade receivables, financial assets at fair value through OCI, financial assets at amortised cost and other current financial assets.

Subsequent measurement

For the 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 its 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 include trade receivables, loans to employees, bank deposits and other non-current and current financial assets.

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):

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Financial assets (continued)*****Derecognition (continued)***

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 ownership, and to which extent, if any. When the Group has neither transferred nor retained substantially all 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.

Impairment of financial assets***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).

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, and 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.

The Group's financial liabilities comprise trade payables, loans and borrowings, lease liabilities, and debt component of preferred shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Financial liabilities (continued)***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 22*.

Financial guarantee obligations

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the expected credit losses determined in accordance with IFRS 9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Debt component of preferred shares recorded in liabilities

The debt component of the preferred shares that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. The corresponding minimal guaranteed dividends on those shares are charged as finance costs in the consolidated statement of comprehensive income. On initial recognition, the fair value of the liability component is determined by discounting expected future cash flows at a market interest rate for a comparable debt instrument. The fair value of the equity component on initial recognition is assigned the residual amount after deducting the fair value determined for the liability component from the initial carrying amount of the instrument as a whole. Subsequently, the liability component is measured according to the same principles used for loans and borrowings, and the equity component is not remeasured in subsequent years.

Trade payables

Liabilities for trade payables 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 one 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 a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

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 on which 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group determined the following useful lives:

	Years
Buildings and constructions	5–10
Site for networks and equipment of base stations	5–10
Equipment	3–15

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 property and equipment that have a lease term of 12 months or less from the commencement date and the lessor has an unconditional right to terminate the contract. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Leases (continued)***Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue and other income in the period in which they are earned.

Inventories

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

Cost comprises expenses incurred in bringing inventories to their 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 the weighted average cost method.

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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 consolidated statement of comprehensive income 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.

Decommissioning liability

Decommissioning liabilities are recognised 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 recognised as part of the initial cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks inherent in the decommissioning liability. 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 benefits*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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. MATERIAL ACCOUNTING POLICIES (continued)****Employee benefits (continued)***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.

Defined benefit pension plan

The Collective Agreement between the Company and its employees provides for certain long-term and retirement benefits to some of its employees (the "Defined Benefit Scheme").

Long-term benefits are paid to employees upon completion of a certain number of years of service whereas retirement benefits represent one-off payments made upon retirement in accordance with the Collective Agreement. Both items vary according to the employee's average salary and length of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit obligation and the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation or asset. The Group recognises the outlined changes of net defined benefit obligation in the lines: "cost of sales" and "general and administrative expenses" in the consolidated statement of comprehensive income.

Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. According to the legislation, distribution is approved by the shareholders.

A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of comprehensive income.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the acquisition, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Revenue from contracts with customers (continued)**

The Group's activities mainly relate to the provision of data transmission services, rendering of fixed line and wireless phone services, rent of channels, local, intercity and international calls, interconnect / traffic transmission of other operators, value added services and sale of equipment and mobile devices.

At the beginning of the contract, the Group assesses the goods and services promised in the contract with the customer and defines each promise to transfer a certain product or service or a set of certain goods or services to the customer as a performance obligation.

The Group has concluded that it is a principal in all of its revenue arrangements since in all cases it is the main party that assumed obligations under the contract, controls the goods and services before transferring them to the customer.

Provision of services

The Group's revenues are principally derived from the provision of wireless and fixed line local, domestic long distance and international long distance telecommunication services.

Interconnection fees from domestic and foreign telecommunications operators are recognised when the services are rendered based on the actual minutes of traffic transferred through the network.

Revenues from international and intercity calls and calls to local operators are recognised at the time the call is made over the Group's network.

Subscription fees, consisting primarily of monthly charges for access to broadband and other internet services or voice services, are recognised as revenue over time on a straight-line basis. Revenue from dial up internet is recognised based on the actual airtime provided to the customers.

Revenue from the rental of analogue and digital channels and private circuits as well as wholesale access revenue is recognised over the period because the customer simultaneously receives and consumes the benefits provided by the Group when it fulfils its contractual obligations.

Non-refundable upfront fees received for initial connection of new subscribers to fixed line and wireless networks are recognised during the expected period of the customer relationship. The expected period of the customer relationship is based on the history of customer period and industry practice.

Equipment provided to customers

The Group provides Internet and other data transmission services and equipment for the provision of these services, including modems, routers, etc.

Based on the analysis of current operating indicators, the Group concluded that equipment that cannot be used by the subscriber separately from the Group's services is not a separately identifiable performance obligation.

The Group capitalises the cost of equipment provided free of charge as costs to fulfil a contract. Costs to fulfil a contract are amortised over the period the service is provided to the customer.

Sale of equipment and mobile devices

The Group may bundle services and products into one customer offering. Offerings may involve the delivery or provision 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 recognised on a straight-line basis over the total service arrangement period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Revenue from contracts with customers (continued)***Sale of equipment and mobile devices (continued)*

In revenue arrangements with more than one performance obligation, transaction price is allocated between the goods and services using the 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 goods or services are regularly sold on a stand-alone basis after considering volume discounts where appropriate.

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 the discount to be received or granted. Such estimates are adjusted monthly to reflect newly-available information.

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 the related receivables from and payables to its roaming partners in its consolidated statement of financial position.

Significant financing component

Generally, the Group receives short-term advances from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if, at contract inception, it expects that the period between the transfer of the promised good or service to the customer and the date when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the connection to international telecommunication network. The Group discounts the transaction price for such contracts, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Cost to obtain a contract

The Group sells part of payment scratch cards, sim cards, and handsets using sales agents. The Group pays commission to sales agents for new connected subscribers in the B2C segment. The commission to sales agents is capitalised as costs to obtain a contract in the consolidated statements of financial position. Costs to obtain a contract are amortised over the period the service is provided to the customer.

Government grants and compensation for provision of universal services in rural areas

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.

Government grants and compensation for provision of universal services in rural areas are presented separately in the consolidated statement of comprehensive income within revenues from operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued D)**Revenue from contracts with customers (continued)***Customer loyalty programmes*

Transactions performed for the purposes of promotional activities through the use of mobile phone balances and OGO bank cards as well as for other activities of the Group's subscribers which lead to accrual of bonus points to the customers as part of the Group's OGO Bonus loyalty programmes, are accounted for as two separate performance obligations, included in a single contract – commission. The transaction price is allocated between the commission price and the granted bonus points based on separate selling prices. The transaction price in the form of bonus points is not recognised as revenue at the time of the initial sale. It is deferred and recognised as revenue once the bonus points have been used by the subscriber, and the Group has fulfilled its performance obligations.

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 the consideration or before the 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 for 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).

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, 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 recognised as incurred and reported in the consolidated statement of comprehensive income in the period to which they relate on the accrual basis.

Connection cost

The Group records connection costs incurred and attributable to the related deferred income over the expected period of the customer relationship.

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 the Group incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax

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 profit.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. 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

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 recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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 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 assets 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the reporting 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 as 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently to reflect new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)**Contingent assets and liabilities**

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

Contingent liabilities are not recognised 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, work 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.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the 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 in the consolidated financial statements. 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 45*;
- Sensitivity analyses disclosures – *Notes 11 and 24*.

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 – the Group as a 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 re-assesses 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.

The Group included the renewal period as part of the lease term for leases of machinery and equipment with a shorter non-cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Judgements (continued)

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*.

On initial recognition, the Group assessed the useful life of 5G frequencies to be 15 years based on an assessment of the development of communication technologies, the practices of other mobile operators and the expected average period of income generation from the use of 5G frequencies. As at 31 December 2024, the Group concluded that the useful life of 5G frequencies remained unchanged.

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 at the time 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 Group's control. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 (five) years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in *Note 11*.

Allowance for expected credit losses

The Group recognises a provision for expected credit losses for receivables and funds in credit institutions (cash and cash equivalents, and bank deposits). For trade and other receivables, the Group has applied the simplified approach permitted by the standard and has calculated expected credit losses based on the lifetime of these financial instruments. The Group used a provision model that is prepared based on the Group's historical credit loss experience, adjusted for the 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 telecommunications 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)***Allowance for expected credit losses (continued)*

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 in forecast economic conditions. Also, the Group's historical credit loss experience and forecast economic conditions may not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 15.

For funds in credit institutions (cash and cash equivalents, 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 provision 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 that a financial asset is 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.

Thus, as at 31 December 2024, the provision for expected credit losses was created in the amount of KZT 19,549,197 thousand (2023: KZT 17,628,662 thousand) (Notes 12, 15, 17 and 20). Changes in the economy, industry or specific customer conditions would have an impact on these allowances recorded in the consolidated financial statements.

Significant financing component

The Group concludes that certain long-term contracts contain significant financing components due to the time interval between the provision of the Group's services to the customer and the moment the customer pays for such services.

The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception.

Cost to obtain a contract

The Group considers commission to sales agents to be an additional cost to obtain a contract, and capitalises such costs to obtain contracts with customers as an asset. 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 recognised as contract liabilities and recorded over the expected period of the customer relationship. In making its judgements, management considered the detailed criteria for the recognition of revenues from contracts with customers set out in IFRS 15, industry practice and the Group's historical churn rate.

Non-refundable upfront fees

Upfront fees received for activation and connection to the fixed line and the wireless network that do not represent a separate earning process are recognised as contract liabilities and recorded over the expected period of the customer relationship. In making its judgements, management considered the detailed criteria for the recognition of revenues from connection fees set out in IAS 15, industry practice and the Company's historical churn rate. As at 31 December 2024, average customer relationship period is assessed as 13 (thirteen) years for fixed line customers and 5 (five) years for internet customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)***Decommissioning liability*

Decommissioning liabilities are recognised 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 recognised as part of the initial cost of the particular asset. The cash flows are discounted at a current pre-tax rate, which reflects the risks inherent in the decommissioning liability. The unwinding of the 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 obligations

The Group uses the actuarial valuation method for measurement of the present value of defined employee benefit obligation and related current service cost. This involves the use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, etc.) as well as financial assumptions (discount rate, future salary increases). Due to the long term nature of these benefits, such estimates are subject to significant uncertainty.

The current portion of employee benefit obligations represents the obligations which the Group is going to repay within the twelve months period since the end of the annual reporting period.

In determining the appropriate discount rate, the Group's management considers the interest rates of high-yield corporate bonds in respective currencies.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about the assumptions used are contained in *Note 24*.

Taxes

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 in the consolidated financial statements, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As at 31 December 2024, the carrying amount of recognised tax assets was KZT 163,330 thousand (31 December 2023: KZT 369,451 thousand). Further details are contained in *Note 40*.

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. Therefore, the IBR reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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. Any changes in assumptions about these factors could affect the fair value reported in the consolidated financial instruments. For more details on the fair values refer to *Note 45*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)***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:

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

- Useful lives of property 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. CONSOLIDATION

The following subsidiaries have been included in these consolidated financial statements:

	Country of incorporation	Interest ownership	
		31 December 2024	31 December 2023
Mobile Telecom-Service LLP	Kazakhstan	100.00%	100.00%
KT-IX LLC	Russia	100.00%	100.00%
Auyl Telecom LLP (formerly, VostokTelecom LLP)	Kazakhstan	100.00%	100.00%
Digital Economy Development Center LLP	Kazakhstan	100.00%	100.00%
Nursat+ LLP	Kazakhstan	100.00%	100.00%
KT-Telecom LLP	Kazakhstan	100.00%	100.00%
Kcell JSC	Kazakhstan	51.00%	51.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. MATERIAL PARTLY-OWNED SUBSIDIARIES****Kcell JSC**

The following is a summary of financial information of the subsidiary that has material non-controlling interests of 49%. This information is based on amounts before inter-company eliminations.

Summarised consolidated statement of comprehensive income of Kcell:

<i>In thousands of tenge</i>	2024	2023
Revenue from contracts with customers	235,464,546	223,747,312
Income from government grants	5,853,170	3,745,709
Cost of sales	(188,653,560)	(168,210,279)
General and administrative expenses	(10,189,912)	(8,810,772)
Impairment loss on financial assets	(3,156,331)	(5,702,317)
Selling expenses	(3,305,119)	(5,401,262)
Finance costs	(22,171,354)	(12,888,999)
Finance income	3,400,077	5,339,139
Net foreign exchange income	(375,078)	(1,346,426)
Other income	66,272	1,909,862
Other expenses	(6,701,397)	(2,532,571)
Profit before tax	10,231,314	29,849,396
Income tax expenses	(4,014,494)	(6,714,366)
Profit for the reporting year	6,216,820	23,135,030
Profit attributable to equity holders of the Parent	3,170,578	11,798,865
Profit attributable to non-controlling interests	3,046,242	11,336,165

Summarised consolidated statement of financial position as at 31 December:

<i>In thousands of tenge</i>	2024	2023
Non-current assets	405,711,076	363,722,055
Current assets	49,928,960	63,301,344
Non-current liabilities	(130,323,079)	(148,332,773)
Current liabilities	(118,972,685)	(78,563,174)
Total equity	206,344,272	200,127,452
Attributable to:		
Equity holders of the Parent	109,508,450	106,337,872
Non-controlling interests	96,835,822	93,789,580

Summarised consolidated statement of cash flows of Kcell JSC for the years ended 31 December:

<i>In thousands of tenge</i>	2024	2023
Operating cash flows	79,220,556	80,239,490
Investing cash flows	(79,451,400)	(145,153,844)
Financing cash flows	(2,357,546)	30,651,917
Foreign exchange effect on cash and cash equivalents	358,404	(954,390)
Net change in cash and cash equivalents	(2,229,986)	(35,216,827)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. SEGMENT INFORMATION

For management purposes, the Group represents business units based on the operational structure of the Group and has reportable operating segments as follows:

- Rendering fixed-line telecommunication services by business units of Kazakhtelecom JSC and Auyll Telecom LLP;
- Rendering mobile telecommunication services in GSM and LTE standards by business units of Mobile Telecom-Service LLP and Kcell JSC.

The segment information represents the Group's continuing operations. Due to the reclassification of Mobile Telecom-Service LLP (MTS) to discontinued operation in 2024 (Note 41), MTS is not included into the operating segment "mobile telecommunications based on GSM and LTE"; as a result, the comparative information is not consistent with the issued consolidated financial statements for the year ended 31 December 2023 as it does not include discontinued operations.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The following tables disclose revenue and profit information for the Group's operating segments for the years ended 31 December 2024 and 2023.

For the year ended 31 December 2024

<i>In thousands of tenge</i>	Fixed line	Mobile telecommunication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customers					
Sales to external customers	256,392,251	224,643,049	513,533	-	481,548,833
Inter-segment sales	51,028,979	10,821,497	2,080,854	(63,931,330)	-
Total revenue from contracts with customers	307,421,230	235,464,546	2,594,387	(63,931,330)	481,548,833
Compensation for provision of universal services in rural areas	5,025,725	-	-	-	5,025,725
Income from government grants	2,209,774	5,853,170	-	-	8,062,944
Total	314,656,729	241,317,716	2,594,387	(63,931,330)	494,637,502
Financial results					
Cost of sales, including:	(252,426,599)	(183,730,568)	(2,409,823)	53,652,782	(384,914,208)
Personnel expenses	(97,951,903)	(16,961,598)	(1,043,687)	-	(115,957,188)
Cost of sales of sim-cards, scratch-cards, sim starter kits and mobile devices	-	(34,853,562)	(680,232)	(30,896)	(35,564,690)
Repair and maintenance	(12,025,164)	(12,970,936)	(15,409)	243,725	(24,767,784)
Fees for use of frequency range	(4,620,245)	(18,111,529)	-	-	(22,731,774)
General and administrative expenses, including:	(31,083,649)	(10,189,912)	(544,808)	(353,155)	(42,171,524)
Personnel expenses	(16,016,451)	(3,044,546)	(310,020)	-	(19,371,017)
Taxes other than income tax	(3,648,926)	(1,510,236)	(39)	-	(5,159,201)
Depreciation and amortisation	(43,092,016)	(56,117,459)	(48,113)	1,012,206	(98,245,382)
Finance costs	(18,480,109)	(22,171,354)	(45)	941,904	(39,709,604)
Finance income	4,709,995	3,400,077	163,529	(1,047,589)	7,226,012
Dividend income	9,263	-	-	(9,263)	-
Group's share in the loss of the joint venture	-	-	(236,259)	-	(236,259)
Impairment loss on non-financial assets	(901,602)	(522,745)	-	-	(1,424,347)
Impairment loss on financial assets	(166,580)	(3,156,331)	(39,765)	53,510	(3,309,166)
Income tax	(47,017,434)	(4,999,092)	(32,555)	43,978,213	(8,070,868)
Segment profit/(loss)	(151,478,928)	15,158,049	(468,334)	169,001,034	32,211,821
Profit (loss) from discontinued operations	-	93,195,116	-	(40,104,776)	53,090,340
Operating assets	1,236,552,136	530,363,676	2,856,966	(126,351,601)	1,643,421,177
Operating liabilities	443,458,836	242,899,560	2,581,934	99,634,475	788,574,805
Other disclosures					
Assets classified as held for sale (Note 41)	-	577,345,426	-	-	577,345,426
Investments in a joint venture	-	-	188,659	-	188,659
Capital expenditures	68,346,331	93,975,552	-	(226,381)	162,095,502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. SEGMENT INFORMATION (continued)

For the Year Ended 31 December 2023

<i>In thousands of tenge</i>	Fixed line	Mobile telecommunication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customers					
Sales to external customers	245,222,090	211,467,078	1,063,365	-	457,752,533
Inter-segment sales	44,530,364	4,244,890	1,840,762	(50,616,016)	-
Total revenue from contracts with customers	289,752,454	215,711,968	2,904,127	(50,616,016)	457,752,533
Compensation for provision of universal services in rural areas	8,853,903	-	-	-	8,853,903
Income from government grants	2,309,209	3,745,709	-	-	6,054,918
Total	300,915,566	219,457,677	2,904,127	(50,616,016)	472,661,354
Financial results					
Cost of sales, including:	(237,036,826)	(156,467,814)	(2,612,056)	44,680,716	(351,435,980)
Personnel expenses	(92,163,428)	(16,006,485)	(1,006,635)	-	(109,176,548)
Cost of sales of sim-cards, scratch-cards, sim starter kits and mobile devices	-	(26,630,996)	(1,055,164)	(8,689)	(27,694,849)
Repair and maintenance	(8,279,675)	(11,519,794)	(12,816)	207,507	(19,604,778)
Fees for use of frequency range	(5,192,976)	(13,244,344)	-	-	(18,437,320)
General and administrative expenses, including:	(27,380,784)	(8,849,603)	(499,532)	59,656	(36,670,263)
Personnel expenses	(15,469,376)	(2,435,777)	(298,902)	-	(18,204,055)
Taxes other than income tax	(3,553,915)	(1,777,471)	(50)	-	(5,331,436)
Depreciation and amortisation	(40,081,397)	(56,676,686)	(46,580)	962,267	(95,842,396)
Finance costs	(17,186,381)	(12,888,936)	(3,067)	1,697,188	(28,381,196)
Finance income	8,138,392	5,339,139	102,507	(502,743)	13,077,295
Impairment loss on non-financial assets	55,127	-	-	-	55,127
Impairment loss on financial assets	(4,507,026)	(5,702,316)	(17,586)	152,741	(10,074,187)
Income tax	(4,938,459)	(9,154,797)	23,490	1,868,575	(12,201,191)
Segment profit/(loss)	30,369,080	42,051,549	(418,941)	(23,151,277)	48,850,411
Operating assets	1,224,250,161	1,390,514,250	2,417,860	(1,134,181,930)	1,483,000,341
Operating liabilities	284,268,091	447,797,103	1,927,232	(54,654,422)	679,338,004
Other disclosures					
Capital expenditures	73,991,757	328,253,641	109,966	(525,552)	401,829,812

Reconciliation of profit

<i>In thousands of tenge</i>	2024	2023
Segment profit	(136,789,213)	72,001,688
Other	169,001,034	(23,151,277)
Profit of the Group	32,211,821	48,850,411

- 1) Income between segments is excluded during consolidation;
 - 2) Finance costs and finance income comprise intersegment finance costs and intersegment finance income;
 - 3) Operating income of segments comprises income from intersegment transactions;
- Capital expenditures include additions of property and equipment and intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**7. SEGMENT INFORMATION (continued)****Reconciliation of assets**

<i>In thousands of tenge</i>	2024	2023
Segment operating assets	1,769,772,778	2,617,182,271
Elimination of intra-group receivables and payables	(4,056,644)	(89,018,519)
Elimination of the Company's investments in subsidiaries	(699,803,713)	(1,045,532,862)
Assets held for sale (Note 41)	577,345,426	–
Deferred tax assets	163,330	369,451
Total assets of the Group	1,643,421,177	1,483,000,341

Reconciliation of liabilities

<i>In thousands of tenge</i>	2024	2023
Segment operating liabilities	688,940,330	733,992,426
Elimination of intra-group receivables and payables	(132,285,813)	(80,389,085)
Deferred tax liabilities	64,433,388	25,734,663
Liabilities directly associated with assets held for sale (Note 41)	167,486,900	–
Total liabilities of the Group	788,574,805	679,338,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**8. PROPERTY AND EQUIPMENT**

Movements in property and equipment in 2024 and 2023 were as follows:

<i>In thousands of tenge</i>	Land	Buildings and constructions	Equipment	Other	Construction-in-progress	Total
Cost						
At 1 January 2023	3,227,367	85,790,701	822,257,890	22,433,847	142,011,261	1,075,721,066
Additions	95,040	404,301	35,157,035	11,055,398	166,399,064	213,110,838
Asset retirement obligation (Note 26)	-	-	3,227,077	-	-	3,227,077
Transfers from right-of-use assets (Note 23)	-	-	42,431,622	-	-	42,431,622
Transfers from investment property	-	3,173,000	-	-	-	3,173,000
Transfers	-	5,730,329	66,979,204	60,999	(72,770,532)	-
Disposals	(2,533)	(390,819)	(30,823,727)	(799,329)	(2,838,689)	(34,855,097)
At 31 December 2023	3,319,874	94,707,512	939,229,101	32,750,915	232,801,104	1,302,808,506
Additions	9	831,430	28,019,948	2,668,404	107,465,375	138,985,166
Asset retirement obligation (Note 26)	-	-	678,707	-	-	678,707
Transfers from investment property	-	366,055	-	-	-	366,055
Transfers	-	2,603,728	102,160,438	222,083	(104,986,249)	-
Disposals	(15)	(267,519)	(32,994,641)	(1,152,833)	(3,789,895)	(38,204,903)
Transfers to assets held for sale (Note 41)	(351,314)	(19,220,677)	(206,576,128)	(6,561,416)	(79,886,862)	(312,596,397)
At 31 December 2024	2,968,554	79,020,529	830,517,425	27,927,153	151,603,473	1,092,037,134
Accumulated depreciation and impairment						
At 1 January 2023	-	30,214,788	514,718,350	16,901,271	11,895,219	573,729,628
Amortisation charge	-	4,295,810	78,392,512	1,524,499	-	84,212,821
Impairment/(recovery)	-	582	(94,996)	1,541	1,057,996	965,123
Disposals	-	(182,649)	(30,129,527)	(777,874)	(2,597,787)	(33,687,837)
Transfers from right-of-use assets (Note 23)	-	-	13,388,946	-	-	13,388,946
Transfers from investment property	-	1,363,000	-	-	-	1,363,000
At 31 December 2023	-	35,691,531	576,275,285	17,649,437	10,355,428	639,971,681
Amortisation charge	-	4,101,572	62,168,213	2,560,223	-	68,830,008
Impairment	-	7,798	657,147	10,031	73,722	748,698
Disposals	-	(177,989)	(30,971,350)	(1,125,926)	-	(32,275,265)
Transfers from investment property	-	260,060	-	-	-	260,060
Transfers to assets held for sale (Note 41)	-	(6,378,581)	(119,515,159)	(5,197,208)	(9,117,578)	(140,208,526)
At 31 December 2024	-	33,504,391	488,614,136	13,896,557	1,311,572	537,326,656
Net book value						
At 31 December 2023	3,319,874	59,015,981	362,953,816	15,101,478	222,445,676	662,836,825
At 31 December 2024	2,968,554	45,516,138	341,903,289	14,030,596	150,291,901	554,710,478

As at 31 December 2024 and 2023, assets under construction are represented by equipment for installation for base transmission stations, mobile switch servers and other telecommunication equipment and services work.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**8. PROPERTY AND EQUIPMENT (continued)**

During 2023, the equipment as part of the right-of-use assets with a net book value of KZT 29,042,676 thousand was transferred to property and equipment, as the financial lease agreement with FitLeasing LLP expired, the lease payments were completed, and the ownership rights were transferred to the Group (Note 23).

During 2023, a part of the investment property with the carrying amount of KZT 1,810,000 thousand was transferred to property and equipment as these premises were occupied by the Group. The remaining premises in the amount of KZT 105,995 thousand were still leased to third and related parties. As at 31 December 2023, the fair value of the investment property was KZT 427,268 thousand. During 2024, a part of the investment property with the carrying amount of KZT 105,995 thousand was transferred to property and equipment as these premises were occupied by the Group.

As at 31 December 2024, the gross carrying amount of property and equipment which had been fully depreciated and was still in use was equal to KZT 529,875,468 thousand (31 December 2023: KZT 514,731,498 thousand).

During 2024, the Group recognised impairment loss on property and equipment of KZT 674,976 thousand and impairment loss on construction-in-progress of KZT 73,722 thousand (2023: gain on reversal of impairment loss of property and equipment of KZT 92,873 thousand and impairment loss on construction-in-progress of KZT 1,057,996 thousand), which represented the write-down of certain assets to their recoverable amount as a result of technological obsolescence and damage. Impairment was recognised in the consolidated statement of comprehensive income as an operating expense.

As at 31 December 2024, advances paid for non-current assets in the amount of KZT 1,288,341 thousand mainly represented by advances paid for installation of base stations, construction and delivery of fixed assets (2023: KZT 2,268,635 thousand). During 2024, the Group recognised/(reversed) impairment of advances paid for non-current assets for KZT 280,745 thousand (2023: KZT 554,636 thousand) (Note 45).

9. INTANGIBLE ASSETS

Movements of intangible assets for 2024 and 2023 were as follows:

<i>In thousands of tenge</i>	Licences	Software	Other	Intangible assets under development	Total
Cost					
At 1 January 2023	236,778,637	62,201,582	20,614,369	472,733	320,067,321
Additions	174,572,253	8,666,011	498,810	4,981,900	188,718,974
Transfers	–	263,141	–	(263,141)	–
Disposals	(3,459,720)	(565,492)	(188,018)	(472,000)	(4,685,230)
At 31 December 2023	407,891,170	70,565,242	20,925,161	4,719,492	504,101,065
Additions	10,774,119	1,638,733	1,853,336	8,844,148	23,110,336
Transfers	663,993	5,199,160	–	(5,863,153)	–
Disposals	(5,176,819)	(8,831,178)	(321,752)	–	(14,329,749)
Transfers to assets held for sale (Note 41)	(201,539,291)	(16,701,340)	(288,068)	(2,926,466)	(221,455,165)
At 31 December 2024	212,613,172	51,870,617	22,168,677	4,774,021	291,426,487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**9. INTANGIBLE ASSETS (continued)**

	Licences	Software	Other	Intangible assets under development	Total
Accumulated amortisation					
At 1 January 2023	70,908,787	45,783,212	7,761,090	472,733	124,925,822
Amortisation charge	28,681,629	11,269,943	1,903,723	–	41,855,295
Reversal of impairment	(32,433)	(2,881)	–	–	(35,314)
Disposals	(3,399,563)	(574,381)	(188,009)	(472,000)	(4,633,953)
At 31 December 2023	96,158,420	56,475,893	9,476,804	733	162,111,850
Amortisation charge	22,990,674	10,322,410	1,021,167	–	34,334,251
Impairment	–	(28)	–	144,530	144,502
Disposals	(5,171,780)	(8,755,693)	(321,752)	–	(14,249,225)
Transfers to assets held for sale (Note 41)	(50,329,708)	(14,217,036)	(3,678)	–	(64,550,422)
At 31 December 2024	63,647,606	43,825,546	10,172,541	145,263	117,790,956
Net book value					
At 31 December 2023	311,732,750	14,089,349	11,448,357	4,718,759	341,989,215
At 31 December 2024	148,965,566	8,045,071	11,996,136	4,628,758	173,635,531

As at 31 December 2024, the gross carrying amount of intangible assets which had been fully depreciated and were still in use was equal to KZT 61,797,365 thousand (31 December 2023: KZT 68,741,862 thousand).

In 2023, the Group began developing its own digital products, which will be used by the Group and its clients in the future. As of 31 December 2024, the carrying amount of digital assets included in development costs was KZT 6,338,642 thousand. Costs capitalised as development costs meet the criteria for recognition as intangible assets under IAS 38.

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES**Joint ventures**

The following joint venture have been included in these consolidated financial statements:

<i>In thousands of tenge</i>	Principal activities	Country of incorporation	31 December 2024		31 December 2023	
			Carrying amount	Ownership	Carrying amount	Ownership share
Caspinet B.V.	Services	Netherlands	188,659	50%	–	–
			188,659	50%	–	–

In 2023, in accordance with the intergovernmental agreement between the Republic of Azerbaijan and the Republic of Kazakhstan, Azertelecom INT LLC and Kazakhtelecom JSC signed a cooperation agreement with the purpose of establishing and managing Caspinet B.V., a joint venture. This entity will construct, operate and own the fiber-optic cable between Azerbaijan and Kazakhstan along the bottom of the Caspian Sea.

On 22 August 2023, based on the intergovernmental agreement Caspinet B.V. was registered in accordance with Dutch law. The Group has 50% interest in Caspinet B.V.

In 2024, the Group contributed KZT 424.918 thousand to Caspinet B.V.'s charter capital. In 2024, the Group's share of Caspinet B.V.'s loss was KZT 236.259 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)****Associates**

As at 31 December 2022, the Group had a 49% interest in QazCloud LLP, a service company providing IT infrastructure maintenance services. The Group's interest in QazCloud LLP was accounted for using the equity method in the consolidated financial statements. On 20 September 2022, the Board of Directors of Kazakhtelecom JSC decided to sell 49% of share of QazCloud LLP through a public tender. On 26 December 2022, the tender winner was selected, with the selling price of KZT 4,590,010 thousand; however, the transaction required the Parent's approval. Investment in QazCloud LLP was classified as assets held for sale from 20 September 2022, and the use of the equity method was discontinued. On 3 March 2023, Kazakhtelecom JSC received approval of the sale of 49% of share in QazCloud LLP to Daneker Sala LLP at a price of KZT 4,544,676 thousand, and the agreement was signed on 20 March 2023. On 28 March 2023, Kazakhtelecom JSC received the full amount of payment. During 2023, QazCloud LLP paid dividends of KZT 50,219 thousand to the Group. The gain on the sale of the share in QazCloud LLP was KZT 876,945 thousand; it was recorded within operating income in the consolidated statement of comprehensive income.

11. IMPAIRMENT TESTING**Goodwill**

For impairment testing, goodwill acquired through business combinations was allocated to three cash-generating units ("CGUs") ("IP TV", "Kcell JSC" and "Mobile Telecom-Service LLP").

IP TV CGU is part of the fixed telecommunications segment, while Kcell JSC and Mobile Telecom-Service LLP are a part of the mobile telecommunication segment.

Goodwill relates to the assembled workforce and synergy from integration of the acquired subsidiaries into the Group. The carrying amount of goodwill allocated to each of CGUs was as follows:

<i>In thousands of tenge</i>	2024	2023
Mobile Telecom-Service LLP* (Note 41)	–	96,205,967
Kcell JSC	53,489,943	53,489,943
IP TV	2,706,335	2,706,335
	56,196,278	152,402,245

* As at 31 December 2024, goodwill attributable to Mobile Telecom-Service LLP was reclassified to assets held for sale (Note 41).

The Group performed its annual impairment test in December 2024 and 2023.

Impairment test

Pursuant to IAS 36, goodwill and other intangible assets with indefinite useful lives and intangible assets not yet brought into use must be tested for impairment annually or more often if indicators of impairment exist. Other assets are tested for impairment when circumstances indicate that there may be a potential impairment.

For the purpose of the impairment testing, the Group assessed the recoverable amount of each cash-generating unit to which goodwill was allocated or where indicators of impairment were identified.

The Group determined that the fact that, as at 31 December 2024, the Group's net assets were higher than the market capitalisation as an indicator of impairment and performed an impairment test. In 2023, in line with the previous years, the impairment test was performed as at 31 December. Since there were impairment indicators, the impairment test for the Group was performed for each separate cash generating unit (CGU). Accordingly, the Group tested its CGU "Kazakhtelecom JSC". The impairment test identified that the recoverable amount of non-current assets was higher than the carrying amount of the Group's assets.

In 2024, the recoverable amounts of all cash generating units were determined based on the value-in-use calculation. This valuation technique uses cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by the management's business plans, terminal value is used. The terminal value is calculated based on the cash flow projections by extrapolating the results of the respective business plans using a zero real growth rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11. IMPAIRMENT TESTING (continued)****Impairment test (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.

The table below presents EBITDA margin applied for value-in-use calculation of related CGUs:

<i>In thousands of tenge</i>	2024	2023
Kcell JSC	36.78%–48.38%	37.3%–45.7%
IP TV	5%–10.8%	2%–7%
Kazakhtelecom JSC	25.07%	23.5%–24.3%

The table below presents capital expenditure as a percentage of revenue applied for value-in-use calculations of related CGUs:

<i>In thousands of tenge</i>	2024	2023
Kcell JSC	18.4%	18.0%
IP TV	0.0%	1.0%
Kazakhtelecom JSC	13.0 %	10.9%

The table below presents terminal growth rates applied for value-in-use calculations of related CGUs:

<i>In thousands of tenge</i>	2024	2023
Kcell JSC	4.10%	3.20%
IP TV	0.00%	5.00%
Kazakhtelecom JSC	4.10%	5.00%

The table below presents pre-tax rates for the discounting of cash flows in functional currencies of related CGUs:

<i>In thousands of tenge</i>	2024	2023
Kcell JSC	15.24%	13.88%
IP TV	15.03%	15.41%
Kazakhtelecom JSC	16.24%	15.41%

Sensitivity to changes in assumptions – IP TV and Kcell

Reasonably possible changes in EBITDA margin, growth rate beyond the forecast period and discount rates do not lead to additional impairment at IP TV and Kcell.

Sensitivity to changes in assumptions – Kazakhtelecom

The calculation of value-in-use for Kazakhtelecom CGU is most sensitive to the following assumptions:

- EBITDA margin included in the financial plan;
- Growth rate for cash flow extrapolation beyond the forecast period;
- Discount rate.

EBITDA margin

The decrease in EBITDA margin by 0.5% from 25.07% to 24.57% gradually in the forecast period would result in the loss from impairment in Kazakhtelecom CGU of KZT 10,158,897 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11. IMPAIRMENT TESTING (continued)****Sensitivity to changes in assumptions – Kazakhtelecom (continued)***Growth rates*

The decrease in the growth rates by 0.2% from 4.1% to 3.9% in the terminal period would result in the loss from impairment in Kazakhtelecom CGU for KZT 1,547,513 thousand.

Discount rate

The increase in the discount rates by 0.5% from 16.24% to 16.74% would result in the loss from impairment in Kazakhtelecom CGU for KZT 10,958,509 thousand.

12. OTHER NON-CURRENT FINANCIAL ASSETS

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

<i>In thousands of tenge</i>	2024	2023
Long-term receivables	5,404,174	1,522,938
Loans to employees	2,309,369	2,717,964
Long-term deposit	1,121,769	1,283,649
Other	249,770	342,983
	9,085,082	5,867,534
Less: allowance for expected credit losses	(110,184)	(110,184)
	8,974,898	5,757,350

The other non-current financial assets are presented in tenge.

The movements in the allowance for expected credit losses were as follows for the years ended December 31:

<i>In thousands of tenge</i>	2024	2023
Allowance for expected credit losses at the beginning of the year	(110,184)	(110,184)
Allowance for expected credit losses at the end of the year	(110,184)	(110,184)

As at 31 December 2024, the balance of long-term receivables of KZT 5,404,174 thousand (2023: KZT 1,522,938 thousand) was represented by sale agreements with customers for the purchase of contract phones with the period of deferred payments of 18 to 24 months. These long-term receivables were discounted as at market interest rate of 17%–23%.

The loans to employees are interest free loans provided for the period of more than 1 year and up to 15 years. The employees are entitled to interest free loans only if they are employed by the Company. In case of the dismissal of the employee, the Company has a right to request full repayment of the loan. The loans were discounted as at the date of provision using market interest rates and the difference between the fair value and the nominal amount was recognised as deferred expenses for employees (*Notes 13 and 19*) in the consolidated statement of financial position. As at 31 December 2024, the non-amortised balance of deferred expenses for employees was KZT 4,792,197 thousand (31 December 2023: KZT 4,423,561 thousand).

Repayment of long-term loans to employees is made through withholding of the amounts payable from the employees' salaries. Loans are secured by real estate properties.

During 2024, the Group placed several long-term deposits with Halyk Bank of Kazakhstan JSC for the total amount of KZT 77,000 thousand (2023: KZT 694,932 thousand) with the maturity date in 2039 and an interest rate of 0.1% per annum (2023: 0.1%). The employees are entitled to interest free loans from the bank secured by the deposit only if they are employed by the Company. In case of the dismissal of the employee, the Company has a right to request full repayment of the loan. These bank deposits were discounted as at the date of placement using market interest rates and the difference between the fair value and the nominal amount was recognised as deferred expenses for employees (*Notes 13 and 19*) in the consolidated statement of financial position.

During 2024, the Group withdrew KZT 424,323 thousand from deposits. (2023: a withdrawal of KZT 810,299 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**13. OTHER NON-CURRENT NON-FINANCIAL ASSETS**

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

<i>In thousands of tenge</i>	2024	2023
Deferred connection cost of operators	6,537,982	6,346,624
Deferred expenses for employees (Note 12)	4,230,713	3,832,141
Other	973,369	624,442
	11,742,064	10,803,207

14. INVENTORIES

As at 31 December 2024 and 2023, inventories comprised:

<i>In thousands of tenge</i>	2024	2023
Goods for resale at the lower of cost and net realisable value	10,571,441	12,347,563
Cable materials at cost	2,040,305	2,084,775
Fuel at cost	499,972	521,168
Raw and other materials at cost	883,224	982,480
Spare parts at cost	448,101	441,263
	14,443,043	16,377,249

During 2024, the amount of KZT 422,646 thousand (2023: KZT 790,159 thousand) was recognised as expenses in respect of inventories recorded at the net realisable value. In 2024, this amount was recorded within the item "General and administrative expenses" in the consolidated statement of comprehensive income.

15. TRADE RECEIVABLES

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

<i>In thousands of tenge</i>	2024	2023
Trade receivables	56,948,872	63,179,413
	56,948,872	63,179,413
Less: allowance for expected credit losses	(14,409,783)	(12,423,599)
	42,539,089	50,755,814

The movements in the allowance for expected credit losses were as follows for the years ended 31 December:

<i>In thousands of tenge</i>	2024	2023
Allowance for expected credit losses at the beginning of the year	(12,423,599)	(12,996,108)
Charge for the year (Note 45)	(3,672,190)	(10,516,790)
Assets held for sale (Note 41)	1,455,100	-
Write-off for the year	230,906	11,089,299
Allowance for expected credit losses at the end of the year	(14,409,783)	(12,423,599)

As at 31 December 2024, the information about the credit risk exposure on the Group's trade receivables is presented using a matrix of reserves as follows:

<i>In thousands of tenge</i>		Days past due							Total
		Current	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 360 days	Over 360 days	
Estimated loss rate	credit	1.00%	5.00%	6.00%	13.00%	23.00%	48.00%	100%	
Estimated total gross carrying amount at default		30,700,586	3,455,628	3,494,746	1,513,066	975,707	6,541,230	10,267,909	56,948,872
Expected credit losses		(185,367)	(178,179)	(217,849)	(200,578)	(227,427)	(3,132,474)	(10,267,909)	(14,409,783)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15. TRADE RECEIVABLES (continued)**

As at 31 December 2023, the information about the credit risk exposure on the Group's trade receivables is presented using a matrix of reserves as follows:

In thousands of tenge	Days past due							Total
	Current	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 360 days	Over 360 days	
Estimated credit loss rate	0.59%	3.70%	12.28%	21.69%	19.38%	44.50%	100%	
Estimated total gross carrying amount at default	37,592,094	4,964,687	2,932,936	1,875,032	1,287,736	6,350,750	8,176,178	63,179,413
Expected credit losses	(221,793)	(183,693)	(360,165)	(406,694)	(249,563)	(2,825,513)	(8,176,178)	(12,423,599)

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

In thousands of tenge	2024	2023
Tenge	39,457,309	45,965,387
US dollar	2,902,600	4,462,789
Euro	165,162	304,893
Russian rouble	8,890	16,368
Other currencies	5,128	6,377
	42,539,089	50,755,814

16. ADVANCE PAYMENTS

As at 31 December 2024 and 2023, advance payments comprised:

In thousands of tenge	2024	2023
Advances paid	4,362,804	10,049,585
Less: allowance for impairment	(522,745)	(354,497)
	3,840,059	9,695,088

The movements in the allowance for impairment were as follows for the years ended 31 December:

In thousands of tenge	2024	2023
Allowance for impairment at the beginning of the year	(354,497)	(5,719)
Accrual for the year	(511,864)	(385,726)
Assets held for sale (Note 41)	343,616	36,948
Allowance for impairment at the end of the year	(522,745)	(354,497)

As at 31 December 2024 and 2023, advances paid for short-term assets were given to contractors for services and delivery of inventories for the Group's operational activities.

17. OTHER CURRENT FINANCIAL ASSETS

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

In thousands of tenge	2024	2023
Bank deposits	3,687,006	3,503,379
Loans to employees (Note 12)	1,656,288	1,800,016
Restricted cash	905,141	912,769
Due from employees	491,084	494,924
Other receivables	3,037,680	3,660,451
	9,777,199	10,371,539
Less: allowance for expected credit losses	(5,028,227)	(5,091,480)
	4,748,972	5,280,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**17. OTHER CURRENT FINANCIAL ASSETS (continued)**

As at 31 December 2024 and 2023, the allowance for expected credit losses includes a provision in the amount of KZT 3,399,500 thousand accrued on a deposit placed in Eximbank Kazakhstan JSC due to the liquidation of the bank.

Restricted cash is cash on accounts with Kazinvestbank JSC and Eximbank Kazakhstan JSC in the amount of KZT 405,687 thousand and KZT 499,454 thousand, respectively, which are assessed as unlikely to be recovered due to the revocation of banking licenses. The provision for expected credit losses was taken into account for the entire amount of these funds.

During 2024, the Group placed bank deposits with an initial maturity of more than 3 (three) months but less than 12 (twelve) months in Russian rubles with Sberbank of Russia PJSC at an interest rate of 16.62% to 19.62% in the amount of KZT 140,642 thousand.

The movements in the allowance for expected credit losses were as follows for the years ended 31 December:

<i>In thousands of tenge</i>	2024	2023
Allowance for expected credit losses at the beginning of the year	(5,091,480)	(5,192,904)
(Accrued)/Reversed for the year (Note 45)	(75,335)	65,659
Write-off for the year	37,568	35,765
Assets held for sale (Note 41)	101,020	-
Allowance for expected credit losses at the end of the year	(5,028,227)	(5,091,480)

As at 31 December 2024 and 2023, other current financial assets were denominated in the following currencies:

<i>In thousands of tenge</i>	2024	2023
Tenge	4,556,552	4,738,056
US dollar	51,778	438,124
Russian rouble	140,642	103,879
	4,748,972	5,280,059

18. FINANCIAL ASSETS AT AMORTISED COST

During 2024, the Group acquired U.S. treasury discount bills of KZT 83,546,765 thousand (2023: KZT 154,705,538 thousand).

During 2024, the Group redeemed U.S. treasury bills with the nominal value of KZT 109,938,227 thousand and interest income of KZT 1,022,246 thousand (2023: nominal value of KZT 111,210,398 thousand and interest income of KZT 2,174,455 thousand).

In 2023, the Group acquired short-term discount notes of the NBRK (the "NBRK") at the purchase price of KZT 40,544,740 thousand. In 2023, short-term notes of the NBRK with the nominal value of KZT 55,357,750 thousand and the interest income of KZT 743,689 thousand were redeemed.

As at 31 December 2024 and 2023, the financial assets at amortised cost comprised:

<i>In thousands of tenge</i>	Maturity date	Yield to maturity	Nominal value	31 December 2024	31 December 2023
US Treasury bills	23 January 2025	4.29%	16,099,873	16,054,712	-
US Treasury bills	23 January 2025	4.51%	5,321,990	5,276,444	-
US Treasury bills	25 January 2024	5.38%	11,769,468	-	11,679,960
US Treasury bills	25 January 2024	5.30%	18,274,221	-	18,181,790
US Treasury bills	25 January 2024	5.33%	15,974,148	-	15,909,063
			67,439,700	21,331,156	45,770,813

The Group recognised the financial assets at amortised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**19. OTHER CURRENT NON-FINANCIAL ASSETS**

As at 31 December, other current non-financial assets comprised the following:

<i>In thousands of tenge</i>	2024	2023
Deferred connection cost of operators	1,903,465	1,662,375
Taxes prepaid other than corporate income tax	1,496,442	3,762,458
Deferred expenses for employees (Note 12)	561,484	591,420
VAT recoverable	444,102	3,789,491
Other	3,846,875	3,349,885
	8,252,368	13,155,629

20. CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents comprised:

<i>In thousands of tenge</i>	2024	2023
Deposits with less than 90 days' maturity from the date of opening	20,884,217	65,453,268
Cash on current bank accounts	3,589,667	5,520,606
Cash on hand	7,069	14,263
	24,480,953	70,988,137
Less: allowance for expected credit losses	(1,003)	(3,399)
	24,479,950	70,984,738

In 2024, cash on current bank accounts earned interest at the rates ranging from 0.5% to 12% per annum (2023: 0.5% to 12% per annum).

Short-term bank deposits earned interest at the rates ranging from 3% to 14.90% (as at 31 December 2023: 3% to 15.25%).

At 31 December, cash and cash equivalents were denominated in the following currencies:

<i>In thousands of tenge</i>	2024	2023
US dollar	12,160,871	41,840,133
Tenge	12,306,592	28,866,082
Euro	273	202,685
Russian rouble	12,214	35,545
Other	–	40,293
	24,479,950	70,984,738

The movements in the allowance for expected credit losses were as follows for the years ended 31 December:

<i>In thousands of tenge</i>	2024	2023
Allowance for expected credit losses at the beginning of the year	(3,399)	(10,646)
Restored for the year (Note 45)	2,396	7,247
Allowance for expected credit losses at the end of the year	(1,003)	(3,399)

For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:

<i>In thousands of tenge</i>	2024	2023
Deposits with less than 90 days' maturity from the date of opening	20,884,217	65,453,268
Cash on current bank accounts related to discontinued operation (Note 41)	51,159,188	–
Cash on current bank accounts	3,589,667	5,520,606
Cash on hand	7,069	14,263
	75,640,141	70,988,137
Less: allowance for expected credit losses	(1,003)	(3,399)
Total cash and cash equivalents	75,639,138	70,984,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. EQUITY****Authorised and issued shares**

	Number of shares		In thousands of tenge		Total issued shares
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2023	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 31 December 2024	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529

Treasury shares

	Number of shares		In thousands of tenge		Total
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2023	216,852	914,868	3,052,617	4,012,997	7,065,614
At 31 December 2024	216,852	914,868	3,052,617	4,012,997	7,065,614

Dividends

The preferred shares earn a non-discretionary dividend of 300 tenge per share in accordance with the Company's charter documents. Preferred shares are considered to be compound financial instruments, and accordingly the liability and equity components are presented separately in the consolidated statement of financial position. Dividends in the amount of KZT 89,636 thousand were accrued as at 31 December 2024 (at 31 December 2023: KZT 89,636 thousand) and are recorded as interest expenses in the consolidated statement of comprehensive income (*Note 38*).

On the basis of the decision taken at the annual general meeting of shareholders of Kazakhtelecom JSC of 30 April 2024, the Company declared dividends on preferred shares based on 2023 results in the amount of KZT 536,797 thousand and dividends on common shares in the amount of KZT 22,446,250 thousand (2023: KZT 818,181 thousand and KZT 32,528,755 thousand, respectively).

The movements in dividends payable for the years ended 31 December were as follows:

<i>In thousands of tenge</i>	2024	2023
Dividends payable at the beginning of the year	42,392	17,573
Dividends declared on common shares to equity holders of the Parent	22,446,250	32,528,755
Dividends declared on preferred shares in excess of the obligatory amount	536,797	818,181
Interest on debt component of preferred shares (<i>Note 38</i>)	89,636	89,636
Dividends paid to equity holders of the Parent	(23,097,502)	(33,411,753)
Dividends payable at the end of the year (<i>Note 28</i>)	17,573	42,392

During 2024, the Group paid withholding tax on dividends in the amount of KZT 26,830 thousand (2023: KZT 38,960 thousand).

Other reserves

According to the Company's Charter, the Company created a capital reserve equal to 15% of the authorised share capital. This capital reserve was created through the appropriation of the retained earnings. There were no movements in the capital reserve in 2024 and 2023.

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in these consolidated financial statements in accordance with the accounting policy disclosed in *Note 3*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. EQUITY (continued)****Earnings per share**

Basic earnings per share are calculated by dividing net profit for the year attributable to common equity holders of the Company (after adjusting for the after-tax amount of dividends on preferred shares) by the weighted average number of common and preferred shares outstanding during the year.

Diluted earnings per share are equal to basic earnings per share, as the Group does not have any dilutive potential common shares.

The following table reflects the profit and share data used in the basic and diluted earnings per share computations:

<i>In thousands of tenge</i>	2024	2023
Net profit from continuing operations	21,094,711	25,313,055
Net profit from discontinued operation	53,090,340	67,753,989
Net profit	74,185,051	93,067,044
Interest on convertible preferred shares (Note 38)	89,636	89,636
Net profit for calculation of basic and diluted earnings per share	74,274,687	93,156,680
Weighted average number of common and preferred shares for calculation of basic and diluted earnings per share	11,004,809	11,004,809
Basic and diluted earnings per share, tenge	6,749.29	8,465.09
Net profit from discontinued operation attributable to common equity holders of the Parent for calculation of basic and diluted earnings per share	53,090,340	67,753,989
Basic and diluted, profit from discontinued operation for the reporting year attributable to equity holders of the Parent, tenge	4,824.29	6,156.76
Net profit from continuing operations attributable to common equity holders of the Parent for calculation of basic and diluted earnings per share	21,184,347	25,402,691
Basic and diluted, profit from continuing operations for the reporting year attributable to equity holders of the Parent, tenge	1,925.01	2,308.33

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of preparation of these consolidated financial statements.

Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements

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

Below is the cost of one common share, calculated in accordance with the requirements of KASE:

<i>In thousands of tenge</i>	2024	2023
Total assets	1,643,421,177	1,483,000,341
Less: intangible assets, including goodwill	229,831,809	494,391,460
Less: total liabilities	788,574,805	679,338,004
Less: nominal value of preferred shares issued net of treasury shares	298,785	298,785
Net assets for calculation of the cost of a common share in accordance with the listing requirements of KASE	624,715,778	308,972,092
Number of common shares	10,706,024	10,706,024
Cost of one common share, calculated in accordance with the requirements of KASE (in tenge)	58,352	28,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. EQUITY (continued)**

Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements (continued)

The cost of common shares, calculated in accordance with the requirements of KASE (continued)

Another requirement for disclosure is the amount of the dividends payable to the owners of preferred non-voting shares. The carrying amount of one preferred non-voting share is calculated as the sum of the preferred non-voting shares in the equity and debt component of preferred non-voting shares, divided by the number of preferred non-voting shares. According to the methodology of KASE, the dividends payable on preferred shares, which are not paid due to the lack of up-to-date information about the shareholders, their payment details, are not taken into account. As at 31 December 2024, this indicator was KZT 16,772 (as at 31 December 2023: KZT 21,473).

22. BORROWINGS

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

<i>In thousands of tenge</i>	Weighted average effective interest rate	2024	Weighted average effective interest rate	2023
Borrowings with a fixed interest rate	10.82%	28,118,588	15.90%	168,557,967
Bonds with a fixed interest rate	13.95%	139,409,150	11.85%	122,833,631
Bonds with a variable interest rate	15.86%	128,691,290	–	–
		296,219,028		291,391,598

The borrowings are repayable as follows:

<i>In thousands of tenge</i>	2024	2023
Current portion of loans	152,981,863	80,589,678
Maturity between 1 and 2 years	84,970,838	46,839,056
Maturity between 2 and 5 years	51,657,995	155,473,741
Maturity over 5 years	6,608,332	8,489,123
Total non-current portion of borrowings	143,237,165	210,801,920
Total borrowings	296,219,028	291,391,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**22. BORROWINGS (continued)**

As at 31 December 2024 and 2023, the borrowings were represented by the following:

Borrowings	Maturity date	Currency	Effective interest rate	2024	2023
Halyk Bank Kazakhstan JSC					
- Credit line agreement KS 02-19-06					
- Borrowing agreement KD 02-19-06-01	21-May-27	Tenge	12.2%	-	36,955,885
- Credit line agreement KS 02-23-05				-	
- Borrowing agreement KD 02-23-05-01	15-Sep-26	Tenge	20.1%	-	992,321
- Borrowing agreement KD 02-23-05-02	21-Sep-26	Tenge	20.1%	-	2,805,767
- Borrowing agreement KD 02-23-05-02	16-Nov-26	Tenge	19.5%	-	2,566,437
- Credit line agreement KS 02-23-40				-	
- Borrowing agreement KD 02-23-40-01	20-Nov-24	Tenge	19.5%	-	10,113,333
- Credit line agreement KS 02-23-06				-	
- Borrowing agreement KD 02-23-06-8	8-Sep-26	Tenge	20.1%	-	17,139,778
- Borrowing agreement KD 02-23-06-9	29-Sep-26	Tenge	20.2%	-	5,755,910
- Borrowing agreement KD 02-23-06-10	13-Oct-26	Tenge	19.5%	-	975,141
- Borrowing agreement KD 02-23-06-11	26-Oct-26	Tenge	19.5%	-	5,027,218
- Borrowing agreement KD 02-23-06-12	2-Nov-26	Tenge	19.5%	-	824,400
- Borrowing agreement KD 02-23-06-13	3-Nov-26	Tenge	19.5%	-	998,130
- Borrowing agreement KD 02-23-06-14	16-Nov-26	Tenge	19.5%	-	818,000
- Borrowing agreement KD 02-23-06-15	23-Nov-26	Tenge	19.5%	-	5,655,450
- Borrowing agreement KD 02-23-06-16	23-Nov-26	Tenge	19.5%	-	957,860
- Borrowing agreement KD 02-23-06-17	30-Nov-26	Tenge	19.2%	-	2,639,740
- Borrowing agreement KD 02-23-06-18	30-Nov-26	Tenge	19.2%	-	826,899
- Borrowing agreement KD 02-23-06-19	7-Dec-26	Tenge	19.2%	-	992,563
- Borrowing agreement KD 02-23-06-20	14-Dec-26	Tenge	19.2%	-	1,774,752
- Borrowing agreement KD 02-23-06-21	22-Dec-26	Tenge	19.2%	-	4,419,525
- Borrowing agreement KD 02-23-06-22	22-Dec-26	Tenge	19.2%	-	2,149,496
- Borrowing agreement KD 02-23-06-23	28-Dec-26	Tenge	19.2%	-	2,303,402
- Borrowing agreement KD 02-23-06-24	28-Dec-26	Tenge	19.2%	-	1,001,479
Development Bank of Kazakhstan JSC					
- Credit line agreement 39-СМ-А/05-02					
- Borrowing agreement ДБЗИ 164-А/05-02	19-Dec-24	Tenge	7.12%	-	2,852,241
- Credit line agreement 40-СМ-А/05-02					
- Borrowing agreement ДБЗИ 215-А/05	19-Dec-24	Tenge	7.12%	-	1,881,410
- Credit line agreement СМ-170-19					
- Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	5,003,124	4,916,402
- Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	4,282,827	4,818,181
- Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	3,587,124	4,035,513
- Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	3,677,713	4,137,427
- Borrowing agreement ДБЗИ 215-А/05	30-Jun-32	Tenge	8%	1,354,239	1,416,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**22. BORROWINGS (continued)**

Borrowings	Maturity date	Currency	Effective interest rate	2024	2023
SB Bank of China Kazakhstan JSC					
- Credit line agreement #232001					
- Tranche #1	25-Dec-26	Tenge	17.5%	6,213,562	6,200,000
- Credit line agreement #192004					
- Tranche #1	1-Jun-24	Tenge	10.85%	-	2,094,806
- Tranche #2	23-Feb-2026	Tenge	17.8%	-	3,000,000
- Tranche #3	23-Feb-2026	Tenge	17.8%	-	10,000,000
Nurbank JSC					
- Credit line agreement #10/23-00					
- Borrowing agreement 1-10/23-00	8-Sep-2026	Tenge	18.7%	3,999,999	15,000,000
First Heartland Jusan Bank JSC	10-Nov-2024	Tenge	11.624%	-	512,351
				28,118,588	168,557,967

Halyk Bank Kazakhstan JSC*Credit line agreement KS 02-19-06*

During 2024, the Group repaid the principal of KZT 10,428,192 thousand and interest of KZT 3,920,856 thousand (2023: KZT 10,428,192 thousand and KZT 5,118,432 thousand, respectively).

As at 31 December 2024, under the loan, the outstanding principal amount of KZT 26,070,483 thousand and the interest of KZT 344,782 thousand were reclassified to the liabilities held for sale (Note 41).

Credit line agreement KS 02-23-05

On 14 February 2023, the Group opened a non-revolving credit line with the limit of KZT 40,000,000 thousand in Halyk Bank of Kazakhstan JSC in order to finance capital expenditures. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% (two per cent) per annum on the amount of the loan, the term of the credit line is 60 months, the term of tranches is up to 36 months, without collateral.

During 2024, the Group repaid the principal amount of KZT 2,207,764 thousand and the interest of KZT 1,015,121 thousand (2023: KZT 342,982 thousand and KZT 192,470 thousand, respectively). The repayment period is 36 months from the date of financing. As at 31 December 2024, under the loan, the outstanding principal amount of KZT 4,072,546 thousand and the interest of KZT 52,610 thousand were reclassified to the liabilities held for sale (Note 41).

Credit line agreement KS 02-23-40

On 17 November 2023, the Group opened a renewed credit line for the amount of KZT 20,000,000 thousand in Halyk Bank of Kazakhstan JSC in order to finance general corporate expenses and replenish working capital. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% (two per cent) per annum, the term of the credit line is 36 months, the term of tranches is up to 24 months, without collateral.

During 2023, the Group received KZT 10,000,000 thousand under this credit line. No principal amount or interest were repaid. During 2024, the Group fully repaid the principal amount of KZT 10,000,000 thousand and the interest of KZT 1,142,500 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**22. BORROWINGS (continued)****Halyk Bank Kazakhstan JSC (continued)***Credit line agreement KS 02-23-06*

In February 2023, the Group signed an agreement on non-revolving credit line with Halyk Bank of Kazakhstan JSC with the limit of KZT 50,000,000 thousand to finance capital expenditures. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% (two per cent) per annum, the term of the credit line is 24 months, the term of tranches is up to 36 months, without collateral.

In September 2023, the Group signed an addendum to the existing credit line agreement and extended the limit to KZT 90,500,000 thousand with a revolving limit of KZT 40,500,000 thousand to replenish working capital. During 2023, the Group received tranches within the credit line in the amount of KZT 82,761,000 thousand. During 2024, the Group received KZT 43,976,550 thousand additionally, repaid the principal amount of KZT 97,581,000 thousand and the interest of KZT 5,838,431 thousand (2023: KZT 29,157,000 thousand and KZT 2,847,683 thousand, respectively).

Development Bank of Kazakhstan JSC*Credit line agreement 39-CM-A/05-02*

During 2024, the Group repaid the principal amount of KZT 2,846,154 thousand and the interest of KZT 149,423 thousand (during 2023: KZT 2,846,154 thousand and KZT 348,654 thousand, respectively).

Credit line agreement 40-CM-A/05-02

During 2024, the Group repaid the principal amount of KZT 1,819,545 thousand and the interest of KZT 155,420 thousand (during 2023: KZT 1,213,032 thousand and KZT 244,881 thousand, respectively).

Credit line agreement CM-170-19

During 2024, the Group repaid the principal amount of KZT 2,133,333 thousand and the interest of KZT 1,347,734 thousand (during 2023: KZT 2,133,333 thousand and KZT 1,502,187 thousand, respectively).

SB Bank of China Kazakhstan JSC*Credit line agreement #232001*

On 24 January 2024, the Group early repaid its debt of KZT 6,200,000 thousand and the interest of KZT 78,361 thousand under the credit line agreement entered into with Bank of China Kazakhstan JSC.

On 24 January 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with Bank of China Kazakhstan JSC, with the maturity of 3 years, until 25 December 2026, and the interest rate of 15.75%. On 28 February 2024, the loan was early repaid in full and the interest of KZT 92,225 was paid.

On 1 March 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with Bank of China Kazakhstan JSC, with the maturity of 3 years and the interest rate of 15.25%. On 1 April 2024, the loan was early repaid in full and the interest of KZT 81,418 was paid.

On 26 December 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with Bank of China Kazakhstan JSC, with the maturity of 2 years and the interest rate of 15.75%.

Credit line agreement #192004

During 2023, the Group received a loan for KZT 13,000,000 thousand under the credit line agreement with SB Bank of China with the maturity of 36 months and a fixed interest rate of 17.25% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**22. BORROWINGS (continued)****SB Bank of China in Kazakhstan JSC (continued)***Credit line agreement #192004 (continued)*

In June 2024, the Group repaid the principal amount of KZT 2,000,000 thousand and the interest of KZT 104,144 thousand for the term of 36 months at the rate of 11.10% per annum (2023: the interest of KZT 208,861 thousand). In September 2024, the Group repaid the principal amount of KZT 13,000,000 thousand and the interest of KZT 1,503,021 thousand for the term of 36 months at the rate of 17.10% per annum (2023: the interest of KZT 1,139,938 thousand).

During 2024, the Group received a loan for KZT 15,000,000 thousand with the maturity of 36 months at the rate of 15.80% per annum.

During 2024, the Group repaid the principal amount of KZT 15,000,000 thousand and the interest of KZT 255,544 thousand under the loan.

Nurbank JSC*Credit line agreement #10/23-00*

During 2024, the Group received a loan in the amount of KZT 19,200,000 thousand from Nurbank JSC. The effective interest rate on the loan is 15.52% per annum. The loan matures on 8 September 2026.

In December 2024, the Group received a loan in the amount of KZT 4,000,000 thousand from Nurbank JSC. The effective interest rate on the loan is 17.00% per annum. The loan matures on 8 September 2026.

During 2024, the Group repaid the principal amount of KZT 34,200,000 thousand and the interest of KZT 1,937,801 thousand under the loan.

First Heartland Jusan Bank JSC

In July 2024, the Group repaid the principal amount of KZT 34,200,000 thousand and the interest of KZT 1,937,801 thousand under the loan.

Debt securities

As at 31 December 2024 and 31 December 2023, the debt securities issued were represented by the following:

Bonds	Maturity date	Currency	Effective interest rate	2024	2023
Local bonds of Kazakhtelecom JSC (KZTKb4)	June 2026	Tenge	11.86%	80,280,087	80,261,964
Local bonds of Kazakhtelecom JSC (KTCB2.1227)	December 2027	Tenge	15.75%	59,129,063	–
Local bonds of Kcell JSC	September–October 2025	Tenge	15.75%	45,784,792	–
Local bonds of Kazakhtelecom JSC (KTCB2.1227)	November 2027	Tenge	14.75%	42,052,713	–
Local bonds of Kcell JSC	June 2025	Tenge	15.25%	25,282,118	–
Local bonds of Kcell JSC	April 2027	Tenge	15.25%	15,571,667	–
Local bonds of Kazakhtelecom JSC (KTCB.1024) (Note 44)	November 2024	Tenge	11.84%	–	42,571,667
				268,100,440	122,833,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**22. BORROWINGS (continued)****Debt securities (continued)***Local bonds of Kazakhtelecom JSC (KZTKb4)*

On 19 June 2019, the Group issued bonds on Kazakhstan Stock Exchange for KZT 80,000,000 thousand at the effective interest rate of 11.86% and with the maturity in June 2026. The nominal value of one bond is one thousand tenge.

During 2024, the Group paid the coupon of KZT 9,199,999 thousand (2023: KZT 9,200,000 thousand).

Local bonds of Kazakhtelecom JSC (KTCB.1024)

On 6 November and 12 December 2018, the Group issued coupon bonds on the stock exchange of the Astana International Financial Centre (AIX) for the total of KZT 100,000,000 thousand at the effective interest rate of 11.84% and with the maturity date in November 2024. The nominal value of one bond is one thousand tenge. Bonds on these issues were purchased by the Parent.

On 10 December 2020, the Group early redeemed local bonds with the maturity till 1 November 2024 for KZT 25,000,000 thousand from the Parent. During 2022, the Group bought out part of the bonds for KZT 34,000,000 thousand ahead of schedule.

On 1 November 2024, the Group fully redeemed its bonds KTCB.1024 placed on the stock exchange of Astana International Exchange Ltd in November 2018 due to their maturity. The total amount of the redeemed bonds was KZT 41,000,000 thousand, the amount of consideration paid was KZT 5,500,834 thousand (2023: the interest of KZT 4,715,000 thousand).

Local bonds of Kazakhtelecom JSC (KTCB2.1227)

On 1 November 2024, the Group issued coupon bonds on the stock exchange of the Astana International Financial Centre (AIX) for the total of KZT 41,000,000 thousand at the interest rate of 14.75% and with the maturity date in November 2027. The nominal value of one bond is one thousand tenge. Bonds on these issues were purchased by the Parent.

On 27 December 2024, the Group issued coupon bonds on the stock exchange of the Astana International Financial Centre (AIX) for the total of KZT 59,000,000 thousand at the interest rate of 15.75% and with the maturity date in December 2027. The nominal value of one bond is one thousand tenge. Bonds on these issues were purchased by the Parent.

Under the terms of the bond programme, the bond holder has the right to demand early redemption of the bonds on expiry of 12 months from the acquisition date. Therefore, the Group classified these bonds as current liabilities in the amount of KZT 100,000,000 thousand.

Local bonds of Kcell JSC

In March 2024, the Group approved the bond programme for the total of KZT 70,000,000 thousand on Astana International Exchange (Astana International Exchange JSC). Under this programme, in the first half of 2024, the Group issued two tranches of bonds with the nominal value of KZT 15,000,000 thousand and KZT 25,000,000 thousand with the floating interest rate (the coupon rate is calculated as the sum of the average arithmetical value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period and the fixed margin of 1%) and the maturity until June 2025 and April 2027, respectively. Under the terms of the first tranche of the bond programme in the amount of KZT 15,000,000 thousand, the bond holder has the right to demand early redemption of the bonds on expiry of 12 months from the acquisition date, which is 8 April 2024. Therefore, the Group classified these bonds as current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)**Debt securities (continued)***Local bonds of Kcell JSC (continued)*

In September 2024, the Group issued the third tranche of bonds with the nominal value of KZT 30,000,000 thousand with the floating interest rate (the coupon rate is calculated as the sum of the average arithmetical value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period and the fixed margin of 0.5%) and the maturity until September 2027. In October 2024, the Group increased the bond programme for the total of KZT 100,000,000 thousand on Astana International Exchange (Astana International Exchange JSC). Under this programme, in October 2024, the Group issued the fourth tranche of bonds with the nominal value of KZT 15,000,000 thousand with the floating interest rate (the coupon rate is calculated as the sum of the average arithmetical value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period and the fixed margin of 0.5%) and the maturity until October 2027.

Bonds on these issues were purchased by the Parent. During 2024, the Group repaid the interest of KZT 4,261,285 thousand.

Covenants

The Group's long-term loans include loans of KZT 143,237,165 thousand which contain covenants such that the failure to comply with them gives the lenders the right to demand early repayment of the loans. Otherwise, these loans are due for repayment beyond 12 months after the end of the reporting period.

As at 31 December 2024, the Group complied with all covenants that were required to be complied with not later than 31 December 2024. The covenants to be complied with after the end of the current period have no impact on the classification of the relevant loans as current or non-current as at the end of the current period. Therefore, all these loans continue to be classified as non-current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

<i>In thousands of tenge</i>	Buildings and constructions	Site for networks and equipment of base stations	Equipment	Total
Cost				
At 1 January 2023	21,146,369	49,637,069	42,848,491	113,631,929
Additions	3,677,328	7,806,101	–	11,483,429
Modifications (Note 4)	(2,033,389)	53,607,555	–	51,574,166
Transfer to property and equipment (Note 8)	416,869	–	(42,848,491)	(42,431,622)
Disposals	(766,006)	–	–	(766,006)
At 31 December 2023	22,441,171	111,050,725	–	133,491,896
Additions	5,478,231	4,901,825	–	10,380,056
Modifications (Note 4)	3,168,300	6,690,421	–	9,858,721
Assets held for sale (Note 41)	(6,300,901)	(69,840,875)	–	(76,141,776)
Disposals	(3,373,307)	–	–	(3,373,307)
At 31 December 2024	21,413,494	52,802,096	–	74,215,590
Accumulated depreciation				
At 1 January 2023	11,201,028	26,150,429	12,985,667	50,337,124
Depreciation charge	2,994,986	7,789,456	–	10,784,442
Transfer to property and equipment (Note 8)	(403,279)	–	(12,985,667)	(13,388,946)
Disposals	(538,031)	–	–	(538,031)
At 31 December 2023	13,254,704	33,939,885	–	47,194,589
Depreciation charge	3,102,475	8,159,741	–	11,262,216
Assets held for sale (Note 41)	(4,901,391)	(25,755,367)	–	(30,656,758)
Disposals	(2,957,207)	–	–	(2,957,207)
At 31 December 2024	8,498,581	16,344,259	–	24,842,840
Net book value				
At 31 December 2023	9,186,467	77,110,840	–	86,297,307
At 31 December 2024	12,914,913	36,457,837	–	49,372,750

During 2012 to 2019, the Group concluded finance lease agreements with Fit Leasing LLP for the rent of the equipment with further transfer of the rights of legal ownership after repayment of all lease payable under the agreements. The Group repaid all liabilities under agreements with Fit Leasing LLP in 2022 and received certificates of acceptance in 2023. Therefore, the Group reclassified equipment with the carrying amount of KZT 29,042,676 thousand to property and equipment.

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

<i>In thousands of tenge</i>	2024	2023
At the beginning of the year	91,518,878	40,825,884
Additions (Note 45)	10,380,056	11,483,429
Modifications (Note 45)	9,858,721	51,574,166
Disposals (Note 45)	(728,245)	(254,802)
Assets held for sale	(52,433,787)	–
Interest expenses (Notes 45 and 38)	7,832,651	5,255,697
Payment of interest (Note 45)	(7,832,651)	(5,255,697)
Payment of principal with cash (Note 45)	(5,924,626)	(12,109,799)
At the end of the year	52,670,997	91,518,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

Set out below are the carrying amounts of non-current and current lease liabilities:

<i>In thousands of tenge</i>	As at 31 December 2024	As at 31 December 2023
Non-current portion of lease liabilities	47,051,485	79,673,946
Current portion of lease liabilities	5,619,512	11,844,932

The following are the amounts recognised in profit and loss:

<i>In thousands of tenge</i>	As at 31 December 2024	As at 31 December 2023
Depreciation of right-of-use assets	11,262,216	10,784,442
Interest expense on lease liabilities (Note 38)	7,832,651	5,255,697
Expense relating to short-term leases and leases of low-value assets (included in cost of sales) (Note 34)	4,645,040	1,147,676
Expense relating to short-term leases (included in general and administrative expenses) (Note 35)	401,115	294,290
	24,141,022	17,482,105

In 2024, the Group had total cash outflows for leases of KZT 18,803,432 thousand, including cash outflow of KZT 5,046,155 thousand related to leases of low-value assets and short-term leases (2023: KZT 18,807,462 thousand and KZT 1,441,966 thousand, respectively).

24. EMPLOYEE BENEFIT OBLIGATIONS**State contribution plan**

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. The social tax and salary accruals are recorded in expenses as incurred. In addition, the Group withholds 10% and 2% of the salary of employees paid as contributions of employees to the accumulating pension funds and as mandatory social health insurance, respectively. These expenses are recorded in the period when they were incurred.

Employee benefit obligations

As at 31 December, the total employee benefit obligations of the Group comprised the following:

<i>In thousands of tenge</i>	2024	2023
Present value of defined benefit pension plan obligations	16,358,644	14,959,697
Present value of obligations for other long-term payments	143,552	147,399
	16,502,196	15,107,096

A defined benefit pension plan provides for the fulfilment of obligations under the pension provision in accordance with the Collective Agreement concluded between the Company and employees. Other long-term payments include anniversaries, funeral payments, and others. The Group did not create a fund for such obligations.

A reconciliation of the present value of the defined benefit plan obligation was as follows for the years ended 31 December:

<i>In thousands of tenge</i>	2024	2023
Total liability at the beginning of the year	14,959,696	17,508,382
Current service cost	832,345	735,483
Interest expenses	1,627,615	1,736,831
Benefits paid during the year	(3,548,565)	(2,740,028)
Actuarial losses/(gains) recognised during the year within other comprehensive income	2,487,553	(2,280,971)
Total liability at the end of the year	16,358,644	14,959,697
Liability payable within one year	(1,214,848)	(1,181,307)
Liability payable after one year	15,143,796	13,778,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**24. EMPLOYEE BENEFIT OBLIGATIONS (continued)****Employee benefit obligations (continued)**

A reconciliation of the present value of the obligation for other long-term payments with defined benefits was as follows for the years ended 31 December:

<i>In thousands of tenge</i>	2024	2023
Total liability at the beginning of the year	147,399	742,004
Current service cost	56,370	57,056
Past service cost	–	84,244
Interest expenses	16,036	73,607
Benefits paid during the year	(78,509)	(72,981)
Actuarial losses/(gains) recognised during the year within profit and loss	2,256	(736,531)
Total liability at the end of the year	143,552	147,399
Liability payable within one year	(59,054)	(90,627)
Liability payable after one year	84,498	56,772

Actuarial (gains)/losses recognised in 2024 resulted primarily from changes in the assumptions relating to the discount rate and from historical adjustments (2023: resulted primarily from changes in the collective agreement).

The cost of current service, interest expenses and actuarial losses related to other benefits to employees in the total amount of KZT 2,534,622 thousand were recognised in the cost of sales and general and administrative expenses within personnel costs (2023: KZT 1,950,689 thousand) (Notes 38 and 39).

There were no unrecognised actuarial losses or past service costs.

The estimates of the liability were made on the basis of the published statistical data regarding mortality of employees and the actual Group's data concerning the number, age, gender and years of employee service. Other principal assumptions used in determining benefit obligations for the Group's plan were as follows:

	2024	2023
Discount rate	11.40%	10.88%
Expected rate of future annual minimum salary increases	13.00%	12.00%

As at 31 December 2024, the quantitative sensitivity analysis for significant assumptions was as follows:

	Discount rate		Expected rate of future annual minimum salary increases	
	Growth by 0.5%	Reduction by 0.5%	Growth by 1%	Reduction by 1%
Sensitivity level				
Impact on defined benefit plan obligations, in thousands of tenge	(786,213)	863,538	1,103,666	(1,039,594)

As at 31 December 2023, the quantitative sensitivity analysis for significant assumptions was as follows:

	Discount rate		Expected rate of future annual minimum salary increases	
	Growth by 0.5%	Reduction by 0.5%	Growth by 1%	Reduction by 1%
Sensitivity level				
Impact on defined benefit plan obligations, in thousands of tenge	(701,305)	770,278	984,475	(927,323)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**25. NON-CURRENT CONTRACT LIABILITIES**

As at 31 December, non-current contract liabilities comprised:

<i>In thousands of tenge</i>	2024	2023
Liabilities under contracts with operators	6,049,441	3,241,662
Contract liabilities for connection of subscribers	340,661	351,833
Other contract liabilities	2,815,338	3,495,147
	9,205,440	7,088,642

The movements in contract liabilities as at 31 December were as follows:

<i>In thousands of tenge</i>	2024	2023
Contract liabilities as at 1 January	39,703,132	34,296,312
Deferred during the year	341,886,523	355,785,268
Recognised as revenue during the year	(338,281,126)	(350,378,448)
Liabilities held for sale (Note 41)	(16,690,504)	–
Contract liabilities as at 31 December	26,618,025	39,703,132
Current portion (Note 29)	17,412,585	32,614,490
Non-current portion	9,205,440	7,088,642

26. ASSET RETIREMENT OBLIGATION

The provision for the asset retirement obligation is recorded at the discounted value of expected costs to bring the sites and facilities to their original condition using estimated cash flows and is recognised 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 asset retirement obligation.

The movements in the provision for the asset retirement obligation as at 31 December were as follows:

<i>In thousands of tenge</i>	2024	2023
Provision for asset retirement obligation as at 1 January	14,535,891	9,542,760
Accrued provisions (Note 8)	678,707	3,227,077
Unwinding of discount (Note 39)	432,101	1,847,576
Liabilities directly associated with assets held for sale (Note 41)	(10,633,247)	–
Use of the provision	–	(81,522)
Provision for asset retirement obligation as at 31 December	5,013,452	14,535,891
Current portion (Note 31)	–	955,785
Non-current portion	5,013,452	13,580,106

27. TRADE PAYABLES

As at 31 December, trade payables comprised the following:

<i>In thousands of tenge</i>	2024	2023
Trade payables for supply of property and equipment and intangible assets	59,192,240	78,262,370
Trade payables for services rendered	22,142,732	26,239,149
Trade payables for inventory received	1,614,568	2,311,508
	82,949,540	106,813,027

As at 31 December 2024 and 2023, trade payables were interest-free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27. TRADE PAYABLES (continued)**

At 31 December, trade payables were denominated in the following currencies:

<i>In thousands of tenge</i>	2024	2023
Tenge	64,066,010	85,797,617
Euro	13,838,854	14,545,753
US dollar	5,012,162	6,257,046
Russian rouble	29,332	205,951
Other	3,182	6,660
	82,949,540	106,813,027

28. OTHER CURRENT FINANCIAL LIABILITIES

As at 31 December, other current financial liabilities comprised:

<i>In thousands of tenge</i>	2024	2023
Payable to employees	25,073,149	29,093,300
Dividends payable (Note 21)	17,573	42,392
Other	3,512,533	3,730,176
	28,603,255	32,865,868

At 31 December 2024 and 2023, other current liabilities were not interest bearing and the balances were mainly denominated in tenge.

29. CURRENT CONTRACT LIABILITIES

As at 31 December, current contract liabilities comprised:

<i>In thousands of tenge</i>	2024	2023
Advances received	15,137,254	30,584,127
Liabilities under contracts with operators	1,934,677	1,567,271
Contract liabilities for connection of subscribers	195,821	227,587
Other contract liabilities	94,696	112,568
Other	50,137	122,937
	17,412,585	32,614,490

Advances received represent the prepayment made by customers for the Group's telecommunications services, internet services, and IP-TV services.

30. OTHER CURRENT NON-FINANCIAL LIABILITIES

As at 31 December, other current non-financial liabilities comprised:

<i>In thousands of tenge</i>	2024	2023
Provisions		
Legal claims on contractual obligations and penalties	—	2,061,971
Accrual of provisions for tax risks	—	2,025,935
Asset retirement obligation (Note 26)	—	955,785
	—	5,043,691
Other non-financial liabilities		
Taxes payable other than income tax	6,078,626	7,250,355
Payable to pension funds	1,219,462	1,187,388
Other	1,392,515	811,894
	8,690,603	9,249,637
	8,690,603	14,293,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**30. OTHER CURRENT NON-FINANCIAL LIABILITIES (continued)**

The movements in tax provisions for the years ended 31 December were as follows:

<i>In thousands of tenge</i>	2024	2023
Provision as at 1 January	2,025,935	1,910,312
Accrual of provisions for tax risks	–	115,623
Discontinued operations	(2,025,935)	–
Provision as at 31 December	–	2,025,935

The movements in legal claims on contractual obligations and penalties for the years ended 31 December were as follows:

<i>In thousands of tenge</i>	2024	2023
Provision as at 1 January	2,061,971	3,684,675
Payment in accordance with the court decision (Note 46)	–	(2,762,348)
Reversal of fines and penalties provision (Note 46)	(2,061,971)	(721,000)
Accrual of provisions (Note 41)	–	1,860,644
Provision as at 31 December	–	2,061,971

31. GOVERNMENT GRANTS

As at 31 December 2024 and 2023, government grants comprised:

<i>In thousands of tenge</i>	2024	2023
Government grants as at 1 January	40,176,438	26,857,966
Received during the year	22,962,687	22,778,254
Recorded in the statement of profit and loss	(9,823,572)	(9,459,782)
Government grants related to the disposal group (Note 41)	(18,519,580)	–
Government grants as at 31 December	34,795,973	40,176,438
Current portion	7,596,319	8,414,199
Non-current portion	27,199,654	31,762,239

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 the form of 90% reduction in the annual fee for the use of radio frequencies from 1 January 2020 to 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 for use of radio frequencies equal to the amount of unfulfilled obligations to the authorities.

The funds released as a result of reduction in the annual fee for the use of radio frequencies for 2024 in the amount of KZT 22,962,687 thousand were used by the Group for the purchase and construction of networks to provide broadband internet access to customers. Government grants related to assets are recognised as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers for the years ended 31 December comprised:

<i>In thousands of tenge</i>	For the year ended 31 December 2024			
	Fixed line	Mobile connection	Other	Total
Data transfer services	147,645,862	103,359,568	7,211	251,012,641
Rendering of fixed line and wireless phone services	31,199,318	69,390,591	–	100,589,909
Sale of equipment and mobile devices	5,091	36,558,777	–	36,563,868
Interconnection services	17,414,200	2	–	17,414,202
Rent of channels	2,093,400	–	–	2,093,400
Other	58,034,381	15,334,114	506,318	73,874,813
	256,392,252	224,643,052	513,529	481,548,833
Services transferred over time	256,387,161	188,084,275	513,529	444,984,965
Goods transferred at a point in time	5,091	36,558,777	–	36,563,868
	256,392,252	224,643,052	513,529	481,548,833
B2C*	151,450,360	173,920,576	499,365	325,870,301
B2B**	30,986,817	41,727,650	14,164	72,728,631
B2O***	19,465,757	8,994,826	–	28,460,583
B2G****	54,489,318	–	–	54,489,318
	256,392,252	224,643,052	513,529	481,548,833

<i>In thousands of tenge</i>	For the year ended 31 December 2023			
	Fixed line	Mobile connection	Other	Total
Data transfer services	152,060,224	82,002,764	7,677	234,070,665
Rendering of wireline and wireless phone services	35,124,740	65,520,943	–	100,645,683
Sale of equipment and mobile devices	1,601	33,122,615	–	33,124,216
Interconnection services	10,591,910	6,680,740	–	17,272,650
Rent of lines	2,731,109	–	–	2,731,109
Other	50,527,893	13,306,991	6,073,326	69,908,210
	251,037,477	200,634,053	6,081,003	457,752,533
Services transferred over time	251,035,876	167,511,438	6,081,003	424,628,317
Goods transferred at a point in time	1,601	33,122,615	–	33,124,216
	251,037,477	200,634,053	6,081,003	457,752,533
B2C*	143,316,682	144,092,970	1,306,547	288,716,199
B2B**	23,301,779	34,382,562	4,774,456	62,458,797
B2O***	21,451,039	21,841,677	–	43,292,716
B2G****	62,967,977	316,844	–	63,284,821
	251,037,477	200,634,053	6,081,003	457,752,533

* B2C (Business-to-Consumer) – services rendered to private end consumers (individuals).

** B2B (Business to Business) – services rendered to the corporate sector, including large enterprises and SMEs.

*** B2O (Business-to-Operator) – services rendered to communication operators.

**** B2G (Business-to-Government) – services rendered to the state sector.

33. COMPENSATION FOR PROVISION OF UNIVERSAL SERVICES IN RURAL AREAS

According to the approved regulatory documents on subsidisation, losses for the provision of universal telecommunications services in rural areas are subject to subsidies. The amount of compensation is calculated as the difference between the costs and actual revenues from the unprofitable universal telecommunications services.

The total amount of compensations received for 2024 amounted to KZT 5,025,725 thousand (2023: KZT 8,853,903 thousand).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. COST OF SALES**

Cost of sales for the years ended 31 December comprised:

<i>In thousands of tenge</i>	2024	2023 (restated)*
Personnel expenses (Note 37)	115,957,188	109,176,548
Depreciation and amortisation	95,778,550	94,072,372
Cost of sales of sim-cards, scratch-cards, sim starter kits and mobile devices	35,564,690	27,694,849
Repair and maintenance	24,767,784	19,604,778
Fees for use of frequency range	22,731,774	18,437,320
Interconnection services	18,273,192	19,785,124
Electric energy	11,977,075	8,902,462
Rent of lines	11,667,894	10,080,148
Materials	6,925,321	7,148,352
Content expenses	6,881,541	5,864,179
Fees for the right to provide telecom services	6,061,689	6,160,326
Security and safety	4,661,179	3,506,442
Expense relating to short-term leases and leases of low-value assets (Note 23)	4,645,040	1,147,676
Utility services	2,294,172	2,822,548
Business trip expenses	2,292,762	2,011,430
Network sharing agreement	1,385,100	899,457
Insurance of property	916,893	762,328
Satellite communication services	768,858	768,482
Other	11,363,506	12,591,159
	384,914,208	351,435,980

35. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2024	2023 (restated)*
Personnel expenses (Note 37)	19,371,017	18,204,055
Taxes other than income tax	5,159,201	5,331,436
Consulting services	3,017,542	1,805,868
Depreciation and amortisation	2,466,832	1,770,024
Social activities	1,362,160	1,174,636
Repair and maintenance	898,680	329,200
Business trips	723,627	940,008
Materials	672,636	396,033
Write-down of inventories to the net realisable value (Note 14)	422,646	790,159
Short-term leases (Note 23)	401,115	294,290
Trainings	298,416	337,270
Insurance	256,682	181,665
Outsourcing	251,986	234,745
Security and safety	128,558	208,609
Bank fees	51,466	302,906
Other	6,688,960	4,369,359
	42,171,524	36,670,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**36. SELLING EXPENSES**

Selling expenses for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2024	2023 (restated)*
Marketing and advertising	5,061,136	6,656,014
Amortisation of cost to obtain a contract	2,264,321	1,943,191
Other	1,727,079	1,474,982
	9,052,536	10,074,187

37. PERSONNEL EXPENSES

Personnel expenses for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2024	2023 (restated)*
Payroll	119,623,963	113,175,904
Payroll related taxes	13,169,620	12,254,010
Employee benefits (Note 24)	2,534,622	1,950,689
	135,328,205	127,380,603

Personnel expenses for the years ended 31 December were allocated as follows:

<i>In thousands of tenge</i>	2024	2023 (restated)*
Cost of sales (Note 34)	115,957,188	109,176,548
General and administrative expenses (Note 35)	19,371,017	18,204,055
	135,328,205	127,380,603

38. FINANCE (COSTS)/INCOME

Finance costs and finance income for the years ended 31 December comprised:

<i>In thousands of tenge</i>	2024	2023 (restated)*
Finance costs		
Interest expense on loans	(31,793,353)	(25,851,583)
Interest expense on lease liabilities	(6,429,797)	(2,216,105)
Unwinding of discount (provision for asset retirement obligation) (Note 26)	(432,101)	(413,072)
Unwinding of discount on long-term payables	(306,843)	(67,447)
Discounting of other non-current financial assets	(96,228)	(152,776)
Interest on debt component of preferred shares (Note 21)	(89,636)	(89,636)
Unwinding of discount on long-term borrowings	(284)	(37)
Other costs	(561,362)	409,460
	(39,709,604)	(28,381,196)
Finance income		
Unwinding of discount on long-term receivables	2,154,238	1,774,751
Interest income on deposits	1,988,870	3,919,061
Unwinding of discount on long-term loans to employees	1,090,693	1,927,212
Interest income on financial assets at amortised cost	1,022,246	2,918,144
Interest income on cash balances	267,212	278,853
Unwinding of discount on long-term deposits	-	1,497,009
Other income	702,753	762,265
	7,226,012	13,077,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**39. OTHER OPERATING INCOME / (EXPENSES)**

Other operating income and expenses for the years ended 31 December comprised:

<i>In thousands of tenge</i>	2024	2023 (restated)*
Other operating income		
Rental income	2,260,529	2,191,994
Income from write-off of payables	752,304	1,597,404
Fines and penalties	557,378	363,847
Reimbursement of utilities expenses	161,847	132,640
Income from disposal of 49% of shares in an associate (Note 10)	–	876,945
Other	1,097,160	1,632,612
	4,829,218	6,795,442
Other operating expenses		
Utilities expenses	(478,469)	(748,678)
Rental expenses	(100)	(192)
Other	2,842,853	(1,616,190)
	2,364,284	(2,365,060)

40. INCOME TAX EXPENSES

Income tax expenses for the years ended 31 December comprised:

<i>In thousands of tenge</i>	2024	2023
Corporate income tax expenses	8,745,407	17,689,909
Adjustments in respect of income tax of previous year	(2,292,833)	782,037
Deferred income tax benefit	1,618,294	(6,270,755)
Income tax related to discontinued operations	8,070,868	12,201,191

The tax rate for the Group and its subsidiaries was 20% in 2024 and 2023.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory rate of 20% (2023: 20%), with the current corporate income tax expenses for the years ended 31 December is as follows:

<i>In thousands of tenge</i>	2024	2023
Profit before tax from continuing operations	32,211,821	48,850,411
Profit before tax from discontinued operations	124,740,158	85,387,380
Income tax at statutory income tax rate of 20%	31,390,396	26,847,558
Changes in unrecognised tax loss carry forward	372,176	21,547
Recognition of deferred tax liability for the disposal group	42,757,512	–
Impairment of non-financial assets	1,273,119	277,705
Gain on revaluation of investment in equity instruments at fair value through profit or loss	(452,056)	–
Group's share in loss of associates	47,252	–
Adjustments in respect of income tax of previous year	592,167	1,903,915
Non-deductible expenses	3,740,120	783,857
Total income tax expenses	79,720,686	29,834,582
Income tax expense reported in profit or loss	8,070,868	12,201,191
Income tax related to discontinued operations	71,649,818	17,633,391
	79,720,686	29,834,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**40. INCOME TAX EXPENSES (continued)**

As at 31 December 2024 and 2023, deferred taxes calculated by applying the official tax rates effective at the reporting date to the temporary differences between the tax bases of assets and liabilities and the amounts reported in the consolidated financial statements included the following items:

	Consolidated statement of financial position		Consolidated statement of comprehensive income		In other comprehensive loss	
	31 December 2024	31 December 2023	2024	2023	2024	2023
<i>In thousands of tenge</i>						
Deferred tax assets						
Property and equipment		67,260	(65,141)	(3,153,215)	-	-
Deferred services	2,119	4,693,770	(1,556,402)	(554,317)	-	-
Government grants	3,137,368	8,246,596	3,799,530	2,874,643	-	-
Reserves on employee bonuses	12,046,126	4,051,525	(734,211)	699,051	-	-
Decommissioning liabilities	3,317,314	2,464,751	758,200	555,877	-	-
Tax loss carry forward	3,222,951	21,547	(21,547)	13,061	-	-
Employee benefit obligations	-	2,085,446	828,587	(222,950)	(543,951)	(279,987)
Lease liabilities	2,370,082	787,978	1,658,274	(344,754)	-	-
Accrued provisions for unused vacations	2,446,252	1,071,816	808,716	228,715	-	-
Accrued provisions for expected credit losses	1,880,532	1,546,288	54,445	292,523	-	-
Intangible assets	1,600,733	540	220	(95,766)	-	-
Other	760	2,632,433	(168,029)	1,358,410	-	-
Less: unrecognised tax assets less deferred taxes	2,464,404	(21,547)	(282,537)	(21,547)	-	-
Less: deferred tax assets less deferred tax liabilities	(304,084)	(27,278,952)	(4,742,275)	(2,451,056)	-	-
Deferred tax assets	(32,021,227)	(27,278,952)	(4,742,275)	(2,451,056)	-	-
	163,330	369,451	337,830	(821,325)	(543,951)	(279,987)
Deferred tax liabilities						
Property and equipment and intangible assets		52,218,077	12,033,622	(3,407,495)	-	-
Other	64,251,699	795,203	415,371	71,748	-	-
Deferred tax liability for the disposal group	1,210,574	-	42,757,512	-	-	-
Less: deferred tax assets less deferred tax liabilities	42,757,512	(27,278,617)	(4,742,610)	(2,450,721)	-	-
Deferred tax liabilities	(32,021,227)	(27,278,617)	(4,742,610)	(2,450,721)	-	-
	76,198,558	25,734,663	50,463,895	(5,786,468)	(543,951)	(279,987)
Deferred income tax benefit	-	-	50,126,065	(4,965,143)	(543,951)	(279,987)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**40. INCOME TAX EXPENSES (continued)**

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

<i>In thousands of tenge</i>	2024	2023
Deferred tax assets	163,330	369,451
Deferred tax liabilities related to continuing operations	(64,433,388)	(25,734,663)
Deferred tax liabilities related to discontinued operations	(11,765,170)	-
Net deferred tax liabilities	(76,035,228)	(25,365,212)

<i>In thousands of tenge</i>	2024	2023
Reconciliation of deferred tax liabilities, net		
Balance at 1 January	(25,365,212)	(30,050,368)
Income tax (expenses)/ benefit for the reporting period – origination and recovery of temporary differences, recognised in continuing operations	(1,618,294)	4,965,143
Income tax expenses for the reporting period – origination and recovery of temporary differences related to discontinued operations	(48,507,771)	-
Less: deferred tax recognised within other comprehensive loss	(543,951)	(279,987)
Balance at 31 December	(76,035,228)	(25,365,212)

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 years from the date of their origination and will expire in 2029. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

As at 31 December 2023, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities had not been recognised was equal to KZT 131,436,906 thousand (as at 31 December 2023: KZT 293,131,434 thousand). The Group is able to control the timing of the reversal of those temporary differences and does not expect to reverse them in the foreseeable future.

The Company is an indirect subsidiary of Samruk-Kazyna. Samruk-Kazyna has subsidiaries operating in various jurisdictions where the Pillar Two model rules were enacted or substantively enacted. However, since the Company and its subsidiaries operate in jurisdictions where the Pillar Two model rules have not yet been enacted, the Company and its subsidiaries are not in the scope of the Pillar Two model rules.

41. DISCONTINUED OPERATIONS*Mobile Telecom-Service LLP*

On 30 April 2024, the Group's general meeting of shareholders decided to sell 100% interest in Mobile Telecom-Service LLP (MTS), a subsidiary, to Power International Holding (PIH), a third party. On 30 April 2024, MTS was classified as a disposal group held for sale and as discontinued operations since MTS represents the Group's separate significant line of business providing GSM and LTE mobile telecommunication services.

On 4 June 2024, the Group entered into an agreement on the sale of MTS with PIH Interconnect Ltd. (PIH's subsidiary).

On 12 November 2024, amendments were made to the main agreement, according to which the rights and obligations under the agreement were assigned to another subsidiary of PIH - PIH Communication LLC. According to the signed agreement, the parties agreed on preliminary conditions that must be met to complete this transaction for the transfer of ownership and control from Kazakhtelecom JSC to PIH Communication LLC. As of 31 December 2024, the transfer of ownership of 100% of the stake in MTS was not completed due to the ongoing process to fulfill the conditions for the completion of the transaction, and, accordingly, the Group retained control over MTS. The sale of 100% interest in MTS was completed in January 2025 (Note 47). The selling price of the 100% share in MTC was USD 1,100,000,000, which includes a component of contingent consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**41. DISCONTINUED OPERATIONS (continued)***Mobile Telecom-Service LLP (continued)*

As at 31 December, the main classes of assets and liabilities of MTS classified as those held for sale are as follows:

<i>In thousands of tenge</i>	As at 31 December 2024
Assets	
Property and equipment	210,256,968
Right-of-use assets	40,999,672
Intangible assets	160,270,774
Goodwill	96,205,967
Advances paid for non-current assets	803,581
Inventories	3,829,684
Trade receivables	5,436,997
Other non-current financial assets	200,461
Cost to obtain contracts	1,319,924
Other current non-financial assets	6,862,210
Cash and cash equivalents	51,159,188
Assets classified as held for sale	577,345,426
Liabilities	
Loans, non-current portion	27,128,725
Lease liabilities, non-current portion	31,277,294
Deferred tax liabilities	11,765,170
Asset retirement obligation	15,930,567
Government grants, non-current portion	18,615,671
Loans, current portion	3,411,694
Lease liabilities, current portion	8,632,624
Trade payables	18,492,017
Corporate income tax payable	339,181
Contract liabilities, current portion	16,960,504
Government grants, current portion	5,309,845
Other current financial liabilities	4,779,190
Other current non-financial liabilities	4,844,418
Liabilities directly associated with assets classified as held for sale	167,486,900
Net assets directly associated with disposal group	409,858,526

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**41. DISCONTINUED OPERATIONS (continued)**

The results of MTS for the reporting periods are presented below:

<i>In thousands of tenge</i>	2024	2023
Revenue from contracts with customers	244,373,494	211,715,428
Income from government grants	5,309,845	3,404,864
	249,683,339	215,120,292
Cost of sales	(88,395,630)	(98,617,425)
Gross profit	161,287,709	116,502,867
General and administrative expenses	(8,665,303)	(7,324,343)
Impairment loss on financial assets	–	(222,408)
Impairment loss on non-financial assets	(7,848,600)	(816,026)
Selling expenses	(13,377,001)	(13,122,667)
Loss on disposal of property and equipment, net	–	104,154
Other operating income	2,041,850	(762,706)
Other operating expenses	401,562	(789,775)
Operating profit	133,840,217	93,569,096
Finance costs	(12,237,521)	(10,539,701)
Finance income	3,860,651	2,724,847
Net foreign exchange loss	(723,189)	(366,862)
Profit before tax from discontinued operations	124,740,158	85,387,380
Income tax expenses	(71,649,818)	(17,633,391)
Profit for the reporting year from discontinued operations	53,090,340	67,753,989

The net cash inflows/(outflows) of MTS are as follows:

<i>In thousands of tenge</i>	2024	2023
Operating activities	130,182,918	112,513,007
Investing activities	(60,064,129)	(153,061,385)
Financing activities	(29,956,584)	(2,034,895)
Net cash inflow/(outflow)	40,162,205	(42,583,273)

During the period from the reclassification date of property and equipment to the assets held for sale until 31 December 2024, MTS acquired property and equipment with the total cost of KZT 22,821,015 thousand.

Goodwill

For the impairment testing purposes, goodwill acquired in a business combination was allocated to MTS as a cash generating unit.

Pursuant to IAS 36, goodwill and other intangible assets with indefinite useful lives and intangible assets not yet brought into use must be tested for impairment annually or more often if indicators of impairment exist.

In 2024, the recoverable amount of the cash generating unit was determined based on the value-in-use calculation. This valuation technique uses cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by the management's business plans, terminal value is used. The terminal value is calculated based on the cash flow projections by extrapolating the results of the respective business plans using a zero real growth rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**41. DISCONTINUED OPERATIONS (continued)****Goodwill (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.

The table below presents EBITDA margin applied for value-in-use calculation:

<i>In thousands of tenge</i>	2024	2023
Mobile Telecom-Service LLP	47.4%–53.2%	46.0%–47.9%

The table below presents capital expenditure as a percentage of revenue applied for value-in-use calculations of related CGUs:

<i>In thousands of tenge</i>	2024	2023
Mobile Telecom-Service LLP	21.1%	26.3%

The table below presents terminal growth rates applied for value-in-use calculations of related CGUs:

<i>In thousands of tenge</i>	2024	2023
Mobile Telecom-Service LLP	2.5%	4.31%

The table below presents pre-tax rates for the discounting of cash flows in functional currencies of related CGUs:

<i>In thousands of tenge</i>	2024	2023
Mobile Telecom-Service LLP	18.00%	15.42%

Sensitivity to changes in assumptions – Mobile Telecom-Service LLP

Reasonably possible changes in EBITDA margin, growth rate beyond the forecast period and discount rates do not lead to additional impairment at Mobile Telecom-Service LLP.

42. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 31 May 2024, the Company (hereinafter referred to as “Limited Liability Partner 1” in this disclosure) entered into an agreement on establishing a limited liability partnership (hereinafter referred to as the “Agreement” in this disclosure) with BTS Digital Ventures (hereinafter referred to as the “General Partner” in this disclosure) and ERG Investments Projects BV (hereinafter referred to as “Limited Liability Partner 2” in this disclosure). The general partner and the limited liability partners agreed to establish Phoenix Fund Limited Partnership (hereinafter referred to as the “Fund” in this disclosure), which was registered as a limited liability partnership in the Astana International Financial Centre in accordance with the AIFC Limited Partnership Regulations (2017).

Phoenix Fund Limited Partnership was registered on 12 June 2024. During 2024, the Company contributed KZT 6,244,897,959 in cash for 49.98% shares in Phoenix Fund Limited Partnership.

Based on the terms and conditions of the agreement on establishing a limited liability partnership, the Company performed an analysis and concluded that the Company has no control or significant influence over the investment in the Fund; therefore, the Company recognises this investment as a financial asset at fair value through profit or loss in accordance with IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**42. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

The fair values of the non-listed equity investments have been estimated using a DCF model and the net asset value method. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of fair value for these non-listed equity investments.

Changes in the value of the interest in the Fund measured at fair value through profit or loss are detailed below:

<i>In thousands of tenge</i>	2024
Balance at 1 January	–
Contribution to charter capital	6,244,898
Change in fair value	2,260,279
Balance at 31 December	8,505,177

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2024 are shown below:

Valuation technique		Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Phoenix Fund Limited Partnership	DCF method	Weighted Average Cost of Capital (WACC)	2024: 21.43%–22.18%	1% increase in the weighted average cost of capital will result in the fair value decrease of KZT 1,860,000 thousand. 1% decrease in the fair value of capital will result in the increase of KZT 2,104,000 thousand in the cost of capital.
		Growth rate used beyond the forecast period	2024: 3.71%	1% increase in the growth rate used beyond the forecast period will result in the fair value decrease of KZT 1,166,000 thousand. 1% decrease in the growth rate used beyond the forecast period will result in the decrease of KZT 1,045,000 thousand in the cost.
		Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) margin	2024: 15.3%–29.2%	10% increase in the EBITDA margin will result in the fair value decrease of KZT 10,600,000 thousand. 10% decrease in the EBITDA margin will result in the increase of KZT 10,600,000 thousand in the cost.

43. 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 KZT 22,962,687 thousand represented by 90% reduction in the annual fee for the use of radio frequencies (2023: KZT 22,778,254 thousand).

In 2024, the Group paid KZT 75,206,659 thousand for property and equipment and intangible assets purchased in prior year (2023: KZT 56,524,594 thousand). Property and equipment in the amount of KZT 22,253,770 thousand was purchased in 2024 but not paid as at 31 December 2024 (2023: KZT 75,206,659 thousand).

In 2024, the Group withheld the amount of previously issued loans for KZT 1,906,355 thousand (2023: KZT 1,690,780 thousand) from the salary of employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**44. RELATED PARTY TRANSACTIONS**

The category 'entities under control of the Parent' includes entities controlled by the Parent Company. Transactions with such entities are mainly represented by the Group's transactions with NC Kazakhstan Temir Zholy JSC, NC KazMunayGaz JSC, KEGOC JSC, Kazpost JSC. The Group provides telecommunication services to the Parent and the entities controlled by the Parent. The category of government-related entities includes different government agencies and ministries. Related party transactions were made on terms, agreed to between the parties, which do not necessarily represent market terms and maybe not accessible to third parties. Outstanding balances as at the end of the year are not secured, are short-term, and settlements are made in cash, except as described below.

As at 31 December 2024, the Group recognised a provision for expected credit losses of KZT 132,135 thousand in respect of receivables from related parties.

Sales and purchases with related parties during the years ended 31 December 2024 and 2023 and the balances with related parties as at 31 December 2024 and 2023 were as follows:

<i>In thousands of tenge</i>	2024	2023
Sales of goods and services		
Parent	12,891	13,049
Parent-controlled entities	4,195,213	3,910,065
Government-related entities	55,140,630	54,452,917
Purchases of goods and services		
	6	–
Entities under the Parent's control	5,811,114	5,531,062
Government-related entities	675,878	251,543
Interest accrued on borrowings and bonds		
Entities under state control (Development Bank of Kazakhstan JSC)	1,571,586	2,036,109
Average interest rate on borrowings	8.08%	8.06%
Parent*	11,010,804	4,715,000
Average interest rate on bonds	15.57%	11.84%

* Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1227) and bonds of Kcell JSC were purchased by the Parent.

<i>In thousands of tenge</i>	2024	2023
Cash and cash equivalents		
Entities under state control (Development Bank of Kazakhstan JSC)	82	78
Borrowings and bonds (Note 22)		
Entities under state control (Development Bank of Kazakhstan JSC)	17,905,027	24,057,324
Parent*	187,820,352	42,571,667
Trade and other receivables		
Parent	1,171	1,216
Parent-controlled entities	576,551	571,856
Government-related entities	7,056,272	5,347,641
Payables		
Parent	59	59
Parent-controlled entities	1,210,294	1,064,069
Government-related entities	1,779,664	1,647,143

* Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1227) and bonds of Kcell JSC were purchased by the Parent.

Compensation to key management personnel

For the years ended 31 December 2024 and 2023, the total compensation to key management personnel included in the general and administrative expenses in the accompanying consolidated statement of comprehensive income was KZT 906,564 thousand and KZT 567,145 thousand, respectively. Compensation to key management personnel includes the salary set out in the employment agreement and the remuneration based on the performance for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES****Impairment losses on financial assets**

Impairment losses on financial assets for the year ended 31 December 2024 comprise accrued/(reversed) allowance for expected credit losses for trade receivables in the amount of KZT 3,672,190 thousand (*Note 15*), other current financial assets in the amount of KZT 75,335 thousand (*Note 17*), cash and cash equivalents in the amount of KZT (2.396) thousand (*Note 20*) (2023: trade receivables in the amount of KZT 10,516,790 thousand, other current financial assets in the amount of KZT (65.659) thousand, cash and cash equivalents in the amount of KZT (7.247) thousand).

Impairment losses on non-financial assets

Impairment losses on non-financial assets for the year ended 31 December 2024, comprise accrued/(reversed) allowance for impairment for advances paid for non-current assets for KZT 280,745 thousand (*Note 8*), advances paid for current assets for KZT 511,864 thousand (*Note 16*), and impairment of property and equipment for KZT 748,698 thousand (*Note 8*) (2023: provision for impairment of advances paid for non-current assets for KZT (554.636) thousand, advances paid for current assets for KZT 385,726 thousand, and impairment of property and equipment for KZT 965,123 thousand and impairment of intangible assets for KZT (35,314) thousand).

The Group's principal financial instruments include loans, lease liabilities, cash and cash equivalents, bank deposits, receivables and payables, assets under reverse repurchase agreements and financial assets at amortised cost. The main risks associated with the Group's financial instruments include interest rate risk, currency risk and credit risk. In addition, the Group monitors market risk and liquidity risk associated with all financial instruments.

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 exposed to the risk of changes in market interest rates. In 2024, the Group issued bonds with a floating interest rate on Astana International Exchange JSC. The Group's exposure to the interest rate risk relates primarily to the Group's bonds with the floating interest rate, which is equal to the average value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period plus the fixed margin of 0.5%–1%.

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

	2024	
	Increase/ (decrease) in %	Effect on profit before tax
<i>In thousands of Tenge</i>		
Tenge	+4.06%	2,497,439
	-4.06%	(2,497,439)

Foreign currency risk

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

As a result of material payables, cash and cash equivalents, bank deposits and receivables denominated in the US Dollars, the Group's consolidated statement of financial position can be affected significantly by the movements in the US dollar / tenge exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Foreign currency risk (continued)**

The following table demonstrates the sensitivity to reasonably possible changes in the exchange rates of US dollar 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.

<i>In thousands of tenge</i>	2024		2023	
	Increase / (decrease) in exchange rate	Effect on profit before tax	Increase / (decrease) in exchange rate	Effect on profit before tax
US dollar	9.09% -7.34%	3,602,809 (2,910,762)	14.15% -14.15%	6,832,074 (6,832,074)
Euro	9.00% -5.95%	(1,544,732) 1,021,314	12.95% -12.95%	(2,714,707) 2,714,707

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

Financial instruments in which the Group's credit risk is concentrated are primarily trade and other 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 that have 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 and other receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets disclosed in *Notes 12, 15 and 17*.

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 account and can easily monitor the activities of such banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Financial instruments and cash deposits (continued)**

<i>In thousands of tenge</i>	Rating	Rating	Cash balance		Balance on deposit accounts	
	2024	2023	2024	2023	2024	2023
Halyk Bank Kazakhstan JSC	BBB-/stable/ BBB-, kzAAA	BB+/stable/ BBB-, kzAAA	2,268,624	4,246,368	15,793,326	60,453,268
Electronic money	-	-	1,077,231	504,275	-	-
Nurbank JSC	B-/ stable /kzBB+	B-/ stable /kzBB-	150,114	15,000	-	-
Citibank Kazakhstan JSC	A+/ stable /A+ BB+/stable, BBB-, kzAA+	A+/ stable /A+ BB/positive, Ba1,kzA	53,470	579,058	-	-
Kaspi Bank JSC	-	-	22,617	81,287	-	-
SB Sberbank JSC/Bereke bank JSC	-	-	10,673	1,276	-	-
Sberbank of Russia PJSC	-	-	4,153	69,323	-	-
First Heartland Jýsan Bank JSC	Ba3/ positive, kzAAA	Ba3/ positive, kzAAA	718	10,888	-	-
Credit Suisse (Schweiz) AG	A+	A-	273	8,607	-	-
Bank CenterCredit JSC	BB-/ stable, kzA	BB-/ stable, kzA-	237	656	-	-
Kazpost JSC	BBB-/ stable	Baa3/ stable	174	18	5,090,891	-
Bank "Bank RBK" JSC	Ba2/stable	Ba3+/positive/	114	118	-	-
Altyn Bank JSC (SB Halyk Bank Kazakhstan JSC)	BBB/ stable, kzAAA	BBB/ stable, kzAA+	108	144	-	-
Development Bank of Kazakhstan JSC	BBB-/ stable / BBB, kzAAA	BBB/ stable / BBB, kzAAA	82	78	-	-
SB Bank of China Kazakhstan JSC	BBB+/ stable, kzAAA	BBB+/ stable, kzAAA	37	11	-	-
ForteBank JSC	BB/ stable / kzA-	BB-/ stable / BB-, kzA-	34	18	-	-
SC VTB Bank (Kazakhstan) JSC	-	-	5	82	-	-
Halyk Finance JSC	BBB-/stable/ BBB-, kzAAA	BB+/stable/ BBB-, kzAAA	-	-	-	5,000,000
Total			3,588,664	5,517,207	20,884,217	65,453,268

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal or 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., receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings and leases. Approximately 45% of the Group's debt will mature in less than one year at 31 December 2024 (31 December 2023: 23%) based on the carrying amount of borrowings and leases reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Liquidity risk (continued)**

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

<i>In thousands of tenge</i>	On demand	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
At 31 December 2024						
Borrowings	–	5,314,716	177,419,526	188,967,558	7,670,969	379,372,769
Lease liabilities	–	3,505,407	4,374,121	62,170,623	13,562,534	83,612,685
Trade payables	42,011,000	25,396,727	15,635,054	3,753,777	–	86,796,558
Other financial liabilities	–	3,512,533	–	–	–	3,512,533
	42,011,000	37,729,383	197,428,701	254,891,958	21,233,503	553,294,545
At 31 December 2023						
Borrowings	–	10,621,594	87,647,217	239,635,542	10,741,902	348,646,255
Lease liabilities	–	5,541,828	13,861,320	77,013,334	69,659,770	166,076,252
Trade payables	81,429,756	10,577,767	14,805,504	7,339,002	–	114,152,029
Other financial liabilities	–	3,730,176	–	–	–	3,730,176
	81,429,756	30,471,365	116,314,041	323,987,878	80,401,672	632,604,712

Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. Cash flow requirements are monitored on a regular basis and management provides for availability of sufficient funds required to fulfil any liabilities when they arise. The Group's management believes that any possible fluctuations of future cash flows associated with a monetary financial instrument will not have a 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 maximise 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 in the capital management objectives, policies or processes during 2024 and 2023. The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total equity.

The Group's debt-to-equity ratio at the period end was as follows:

<i>In thousands of tenge</i>	As at 31 December 2024	As at 31 December 2023
Interest-bearing loans and borrowings	296,219,028	291,391,598
Lease liabilities	52,670,997	91,518,878
Debt	348,890,025	382,910,476
Total equity, including non-controlling interests	854,846,372	803,662,337
Debt-equity ratio	0.41	0.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Fair value**

For the purpose of disclosing the fair value, the Group determined classes of assets and liabilities based on characteristics and risks of assets or liabilities and fair value hierarchy level as described above. The table below presents fair value hierarchy of the Group's assets and liabilities. Disclosure of quantitative information of the fair value hierarchy of financial instruments as at 31 December 2024 was as follows:

In thousands of tenge	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	31 December 2024	21,331,156	–	–	21,331,156
Other non-current financial assets	31 December 2024	–	–	8,117,937	8,117,937
Other current financial assets	31 December 2024	–	–	4,748,972	4,748,972
Trade receivables	31 December 2024	–	–	42,506,089	42,506,089
Liabilities for which fair values are disclosed					
Loans	31 December 2024	–	–	279,841,067	279,841,067
Other non-current financial liabilities	31 December 2024	–	–	3,753,777	3,753,777
Other current financial liabilities	31 December 2024	–	–	28,603,255	28,603,255
Trade payables	31 December 2024	–	–	82,866,540	82,866,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Fair value (continued)**

The table below presents the fair value hierarchy of the Group's assets and liabilities. Disclosure of quantitative information of the fair value hierarchy of financial instruments as at 31 December 2023 was as follows:

In thousands of tenge	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	31 December 2023	45,770,813	–	–	45,770,813
Investment property	31 December 2023	–	–	427,268	427,268
Other non-current financial assets	31 December 2023	–	–	4,911,010	4,911,010
Other current financial assets	31 December 2023	–	–	5,280,059	5,280,059
Trade receivables	31 December 2023	–	–	50,755,814	50,755,814
Liabilities for which fair values are disclosed					
Borrowings	31 December 2023	–	–	284,442,023	284,442,023
Other non-current financial liabilities	31 December 2023	–	–	7,339,002	7,339,002
Other current financial liabilities	31 December 2023	–	–	32,865,868	32,865,868
Trade payables	31 December 2023	–	–	106,813,027	106,813,027

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value in the consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

<i>In thousands of tenge</i>	Carrying amount 2024	Fair value 2024	Unrecognised gain/ (loss) 2024	Carrying amount 2023	Fair value 2023	Unrecognised gain/ (loss) 2023
Financial assets						
Cash and cash equivalents	24,479,950	24,479,950	-	70,984,738	70,984,738	-
Other non-current financial assets	8,974,898	8,117,937	(856,961)	5,757,350	4,911,010	(846,341)
Financial assets carried at amortised cost:	21,331,156	21,331,156	-	45,770,813	45,770,813	-
Other current financial assets	4,748,972	4,748,972	-	5,280,059	5,280,059	-
Trade accounts receivable	42,539,089	42,506,089	(33,000)	50,755,814	50,755,814	-
Financial liabilities						
Loans	296,219,028	279,841,067	16,377,961	291,391,598	284,442,023	6,949,575
Other non-current financial liabilities	3,753,777	3,753,777	-	7,339,002	7,339,002	-
Other current financial liabilities	28,603,255	28,603,255	-	32,865,868	32,865,868	-
Trade payables	82,949,540	82,866,540	83,000	106,813,027	106,813,027	-
Total unrecognised change in unrealised fair value			15,571,000			6,103,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)**Valuation techniques and assumptions**

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

Assets for which their fair value approximates their carrying amount

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

Financial liabilities carried at amortised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities for 2024 were as follows:

<i>In thousands of tenge</i>	At 1 January 2024	Loans received/ additions	Repayment of the principal	Modifications	Cancellation of leases	Transfer to liabilities directly related to assets held for sale	Interest expense (Note 39)	Interest paid	Other	31 December 2024
Borrowings	291,391,598	285,776,550	(234,339,022)	-	-	(47,750,076)	33,621,490	(32,564,189)	82,677	296,219,028
Borrowings (discontinued operations)	-	-	(16,978,468)	-	-	47,750,076	3,819,629	(4,052,318)	1,500	30,540,419
Lease liabilities	91,518,878	10,380,056	(5,924,626)	9,858,721	(728,245)	(52,433,787)	7,832,651	(7,832,651)	-	52,670,997
Lease liabilities (discontinued operations)	-	3,643,640	(6,944,218)	(9,333,982)	-	52,433,787	3,219,298	(3,033,316)	(75,291)	39,909,918
Total	382,910,476	299,800,246	(264,186,334)	524,739	(728,245)	-	48,493,068	-47,482,474	8,886	419,340,362

The changes in liabilities arising from financing activities for 2023 were as follows:

<i>In thousands of tenge</i>	1 January 2023	Loans received	Additions	Modifications	Cancellations	Repayment of the principal	Interest expense (Note 39)	Interest paid	Discount	31 December 2023
Borrowings	247,876,877	133,584,742	-	-	-	(91,120,692)	30,388,789	(30,060,461)	722,343	291,391,598
Lease liabilities	40,825,884	11,483,429	11,483,429	51,574,166	(254,802)	(12,109,799)	5,255,697	(5,255,697)	-	91,518,878
Total	288,702,761	133,584,742	11,483,429	51,574,166	(254,802)	(103,230,491)	35,644,486	(35,316,158)	722,343	382,910,476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. COMMITMENTS AND CONTINGENCIES**Operating environment**

In Kazakhstan, economic reforms and the development of the legal, tax and administrative infrastructure that meets the developed markets are still in process. 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 telecommunication equipment. As at 31 December 2024, the Group had contractual obligations in the total amount of KZT 77,112,435 thousand (VAT included) (31 December 2023: KZT 97,469,118 thousand (VAT included)) mainly related to the purchase of telecommunication equipment and the construction of the telecommunication network.

License commitments

Under the terms of certain licences on the provision of wireless telecom services, the Group has certain obligations in terms of the coverage area of its network. The Group is obliged to expand the cellular telecommunication coverage to the regions along the major highways and small-sized towns and urban-type communities of the Republic of Kazakhstan. The Group's management believes that the Group is in compliance with the terms of the licences.

In December 2022, the Group participated in a radio frequency spectrum public auction for 5G mobile communications. The Group won two lots: 3600–3700 MHz and 3700–3800 MHz. On 22 June 2023, the Group met all conditions of the auction and recognised an intangible asset for 5G radio frequencies use for KZT 78,034 million, with the estimated useful life of 15 years. According to the conditions attached to the award of frequencies to the Group, it undertakes to activate 3,527 5G base stations throughout the country, with a specified number of base stations in each region. For 2024 and 2023, the Group fulfilled its licence obligations and activated 784 and 391 base stations, respectively. The Group committed to activate 784 5G base stations yearly until the end of 2027. During 2024, Mobile Telecom-Service LLP and Kcell JSC, the Group's subsidiaries, signed a network sharing agreement for 5G to meet the licence obligations for 5G networks.

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. In addition, management believes that international agreements, under which the Group works with non-residents residing in International Telecommunication Union, and which provide for certain tax exemptions, have a priority over national tax legislation. 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 is severe. Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank 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.

Due to the uncertainty surrounding the tax system in the Republic of Kazakhstan, the ceiling amount of taxes, penalties and interest, if any, may exceed the amount expensed at the date and accrued as at 31 December 2024. Management believes that as at 31 December 2024 its interpretation of the relevant legislation is appropriate and the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

State grant related to the frequency fee

The Group presented a summary report on expenditures aimed at financing broadband Internet access projects in urban and rural areas, including capital and operating costs required to provide broadband Internet access services in urban and rural settlements throughout the Republic of Kazakhstan. Management believes that there are no outstanding conditions or unforeseen circumstances related to these grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. COMMITMENTS AND CONTINGENCIES (continued)**State grant related to the frequency fee (continued)**

If, based on the results of the audited information, the fact of non-fulfilment by the telecom operator of obligations to send at least the released funds from the reduction of the corresponding remuneration rate for financing broadband Internet access projects in urban and rural areas is confirmed, the authorised 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 the frequency for the reporting year, which should be proportional to the outstanding amount of financial obligations for the reporting year.

State grants related to the radio frequency fee

After the issue of its IFRS consolidated financial statements, the Group presents, on an annual basis, a consolidated report for the reporting year on expenditures aimed at financing broadband Internet access projects in urban and rural areas, including capital and operating costs required to provide broadband Internet access services in urban and rural settlements throughout the Republic of Kazakhstan. Management believes that there are no outstanding conditions or contingent liabilities related to these grants. Management believes that there are no outstanding conditions or unforeseen circumstances related to these grants.

If, based on the results of the audited information, the fact of non-fulfilment by the telecom operator of obligations to send at least the released funds from the reduction of the corresponding remuneration rate for financing broadband Internet access projects in urban and rural areas is confirmed, the authorised 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 the frequency for the reporting year, which should be proportional to the outstanding amount of financial obligations for the reporting year.

Technical Regulations

Order No. 91 of the Committee of the National Security dated 20 December 2016 on approval of the Technical Regulations General Requirements to the Telecommunication Equipment in Ensuring Conducting of Operative Search Measures, Collection and Storage of Subscribers' Information was published on 7 February 2017 and came into force on 8 February 2018. According to the new regulations, there are additional requirements to the telecommunication equipment that include expansion of technical capabilities of equipment to conduct operative search activities, collection and storage of subscribers' information (hereinafter – "ORA").

As at 31 December 2024, the Group partly upgraded and increased licensed and port capacity for the total of KZT 4,964,100 thousand. The Group gradually plans the modernisation and expansion of licensed and port capacity of SHC in accordance with the cellular development plan, including 5G, and estimates that the expected amount of capital expenditures related to modernisation and expansion will be KZT 17,673,182 thousand by 2032.

Arbitration against Amdocs companies

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

In November 2018, Kcell JSC notified the Supplier of the termination of the Supply Agreement, except for the technical support services, since the quality of the Convergent 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 a delay in delivery and implementation of the OLC (On-line charging) system. In May 2020, Kcell JSC also notified the Supplier of its withdrawal from the technical support agreement. Amdocs did not agree with the arguments of Kcell JSC regarding the termination of the Supply Agreement and withdrawal from the technical support agreement.

On 15 March 2023, the arbitration decision was received. The amount of claims of Amdocs was satisfied in arbitration in the amount of KZT 3,721,874 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**46. COMMITMENTS AND CONTINGENCIES (continued)****Arbitration against Amdocs companies (continued)**

On 13 September 2023, a Settlement Agreement in the amount USD 6 million (equivalent of KZT 2,762,348 thousand) was signed between the Group and Amdocs on voluntary execution of the arbitration decision in order to reduce payments as well as risks associated with the execution of the arbitration 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 were deemed to be fully settled/discharged.

On 15 September 2023, the Group paid the full amount of compensation in accordance with the Settlement Agreement and reversed the remaining provision in the amount of KZT 721,000 thousand. As at 31 December 2024 and 2023, the balance of the provision is equal to zero.

Agency for the Protection and Development of Competition

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 15 June 2022

In accordance with Order No. 42-OD 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") dated 15 June 2022 (hereinafter referred to as the "Order"), an investigation was initiated against the Group on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. The initial audited period was the period from 1 January 2020 to 12 September 2022. The APDC observed a high price for mobile telecommunications services for the brand of Kcell. The subject of investigation is the establishment of factual data confirming or refuting the commission of a violation by the Group, expressed in maintaining a monopoly high price to limit or eliminate competition.

The Group appealed the resolution on the investigation in the Agency for the Protection and Development of Competition on 26 July 2022; however, the appeal was rejected on 16 August 2022. As a result of the appeal, the investigation was suspended by APDC on 28 July 2022.

During 2023, the Group filed a notice of appeal against the Order. On 9 November 2023, the Supreme Court of the Republic of Kazakhstan held a hearing. The Court found Order No. 42-OD of 15 June 2022 invalid for the period from 1 January 2020 to 31 December 2021. The investigation was resumed on 27 November 2023.

On 13 December 2023, the Group filed an appeal against the resumption of investigation. On 22 December 2023, the investigation was suspended due to the filed appeal.

The Supreme Court of Kazakhstan upheld the lower courts' resolutions considering the case as the one that is not subject to administrative legal proceedings, and the cassation appeal was rejected.

On 30 January 2025, the Group received the judicial decision on the resumption of the investigation from 29 January 2025. The Group is preparing the response to the APDC's inquiry as part of the investigation.

The Group's management assessed the risk of violation of anti-monopoly law as possible, and therefore no provision was accrued to losses potentially arising from any of the above investigations and notifications as at 31 December 2024.

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 21 June 2023

In accordance with Order No. 38-OD of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty dated 21 December 2023, an investigation was initiated against the Group. The subject of the investigation is the prevention of actions in coordination with the competitors to establish and maintain prices for telecommunication services in May to July 2023. As part of the investigation, the APDC sent an inquiry to the Group requesting information required for performing an investigation. On 10 January 2024, the Group contested this requirement in the APDC.

During 2024, the Group received dismissals of appeals from the lower-level courts. The Group filed the cassation appeal on 16 October 2024. The date for the hearing in the Supreme Court of the Republic of Kazakhstan is to be determined.

The Group's management assessed the risk of violation of anti-monopoly law as possible, and therefore no provision was accrued to losses potentially arising from any of the above investigations and notifications as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. EVENTS AFTER THE REPORTING DATE

From 1 January 2025 to 20 February 2025, the Group received two tranches from Nurbank JSC for the total of KZT 6,000,000 thousand for the term of 21 and 20 months, respectively, with the interest rate of 15.75% per annum.

From 1 January 2025 to 20 February 2025, the Group repaid the loan for the total of KZT 4,000,000 thousand from Nurbank JSC.

On 17 January 2025, the Group fully redeemed its bonds KTCB2.1227 (ISIN KZX000003504) placed on the stock exchange of Astana International Exchange Ltd. The total amount of the redeemed bonds was KZT 59,000,000 thousand, the amount of consideration paid was KZT 542,063 thousand.

On 20 January 2025, under the Credit Line Agreement signed with SB Bank of China Kazakhstan JSC dated 30 June 2023, the Group early repaid the loan of KZT 6,200,000 thousand and the interest of KZT 67,813 thousand.

On 21 January 2025, the Group acquired U.S. treasury discount bills at the purchase price of USD 359,999 thousand (equivalent to KZT 19,079,591 thousand).

On 26 February 2025 and 6 March 2025, the Group acquired coupon bonds of the Parent for KZT 50,000,000 thousand, respectively, for the total of KZT 100,000,000 thousand, with the coupon rate calculated as the average value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period minus the fixed margin of 1% (one per cent) and the maturity until August 2025.

In accordance with Order No. 8-NK of the State Entity "Agency for the Protection and Development of Competition of the Republic of Kazakhstan" for the city of Astana dated 26 February 2025, an investigation was initiated against the Group on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. The subject of investigation is the establishment of factual data confirming or refuting the violation of legislation of the Republic of Kazakhstan in the fixed line internet services market. The audit will be performed in the period from 28 February 2025 to 23 May 2025. The period to be audited is the period from 1 January 2023 to 30 June 2024.

The Group completed the transaction for the sale of 100% of the share in the authorized capital of Mobile Telecom-Service LLC in favor of PIH Communication LLC in January 2025. On 16 January 2025, the Group received the first tranche of USD 700 million (equivalent to KZT 370,790,000 thousand on the date of cash receipt).