



Kazakhtelecom JSC

Interim condensed consolidated
financial statements (unaudited)

31 March 2024

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

<i>In thousands of tenge</i>	Note	31 March 2024 (unaudited)	31 December 2023 (audited)
Assets			
Non-current assets			
Property and equipment	5	672,472,098	662,836,825
Investment properties		292,715	105,995
Intangible assets	6	335,911,375	341,989,215
Goodwill	8	152,402,245	152,402,245
Right-of-use assets	16	86,985,254	86,297,307
Investments in associates	7	424,918	-
Advances paid for non-current assets		3,757,298	2,268,635
Cost to obtain contracts		2,708,642	2,700,469
Cost to fulfil contracts		38,941	45,276
Other non-current non-financial assets		11,000,738	10,803,207
Other non-current financial assets	9	6,620,973	5,757,350
Deferred tax assets		267,567	369,451
Total non-current assets		1,272,882,764	1,265,575,975
Current assets			
Inventories		18,930,235	16,377,249
Trade receivables	10	50,613,915	50,755,814
Advances paid		8,236,463	9,695,088
Corporate income tax prepaid		8,042,311	4,848,165
Cost to fulfil contracts		551,817	556,811
Other current non-financial assets		12,501,541	13,155,629
Other current financial assets	11	4,724,273	5,280,059
Financial assets carried at amortised cost	12	47,752,497	45,770,813
Cash and cash equivalents	13	47,521,416	70,984,738
		198,874,468	217,424,366
Total current assets		198,874,468	217,424,366
Total assets		1,471,757,232	1,483,000,341

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Note	31 March 2024 (unaudited)	31 December 2023 (audited)
Equity and liabilities			
Share capital	14	12,136,529	12,136,529
Treasury shares	14	(7,065,614)	(7,065,614)
Foreign currency translation reserve		21,796	26,183
Other reserves	14	1,820,479	1,817,737
Retained earnings		728,044,194	702,957,922
		734,957,384	709,872,757
Non-controlling interests		94,677,499	93,789,580
Total equity		829,634,883	803,662,337
Non-current liabilities			
Borrowings: non-current portion	15	211,289,170	210,801,920
Lease liabilities: non-current portion	16	81,429,681	79,673,946
Other non-current financial liabilities		5,931,035	7,339,002
Employee benefit obligations		14,237,188	13,835,162
Debt component of preferred shares		814,868	814,868
Non-current contract liabilities	17	7,014,403	7,088,642
Government grants: non-current portion	21	34,864,923	31,762,239
Asset retirement obligation		13,717,710	13,580,106
Deferred tax liabilities		25,320,173	25,734,663
Total non-current liabilities		394,619,151	390,630,548
Current liabilities			
Borrowings: current portion	15	85,500,067	80,589,678
Lease liabilities: current portion	16	12,232,008	11,844,932
Other current financial liabilities	18	28,382,586	32,865,868
Employee benefit obligations: current portion		1,306,939	1,271,934
Trade payables		63,430,486	106,813,027
Current contract liabilities	19	30,521,163	32,614,490
Government grants: current portion	21	9,984,717	8,414,199
Other current non-financial liabilities	20	16,145,232	14,293,328
Total current liabilities		247,503,198	288,707,456
Total liabilities		642,122,349	679,338,004
Total equity and liabilities		1,471,757,232	1,483,000,341

Chief financial officer



Atamuraova L.V.

Chief accountant

Crazimanova M.M.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three months period ended 31 March 2024

<i>In thousands of tenge</i>	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Revenue from contracts with customers	22	173,998,231	163,420,577
Compensation for provision of universal services in rural areas	23	-	2,213,475
Income from government grants	21	3,232,697	1,843,780
		177,230,928	167,477,832
Cost of sales	24	(119,534,323)	(100,834,833)
Gross profit		57,696,605	66,642,999
General and administrative expenses		(10,451,564)	(10,928,905)
Impairment losses on financial assets	29	(1,018,710)	(1,130,949)
Gain from reversal of impairment on non-financial assets	29	7,906	126,107
Selling expenses		(5,011,814)	(3,758,359)
Loss on disposal of property and equipment, net		(36,932)	(135,155)
Other operating income		2,553,696	1,663,922
Other operating expenses		(195,363)	(179,992)
Operating profit		43,543,824	52,299,668
Finance costs	25	(13,116,039)	(9,798,440)
Finance income		1,864,631	4,528,844
Net foreign exchange loss		(1,116,665)	(3,536,684)
Profit before tax		31,175,751	43,493,388
Income tax expenses	26	(5,615,893)	(10,198,605)
Profit for the period		25,559,858	33,294,783
Attributable to:			
Equity holders of the Parent		24,671,939	28,278,071
Non-controlling interests		887,919	5,016,712

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (continued)**

<i>In thousands of tenge</i>	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Other comprehensive (loss)/income			
<i>Other comprehensive (loss)/income 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		(1,645)	29,069
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(1,645)	29,069
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Actuarial gains/(losses) under a defined benefit plan, net of tax		414,333	(375,694)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		414,333	(375,694)
Other comprehensive income/(loss) for the period, net of tax		412,688	(346,625)
Total comprehensive income for the period, net of tax		25,972,546	32,948,158
Attributable to:			
Equity holders of the Parent		25,084,627	27,931,446
Non-controlling interests		887,919	5,016,712
		25,972,546	32,948,158
Earnings per share			
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent	14	2 243,93	2,571.65

Chief financial officer



L.V. Tumoratova

Chief accountant

M.M. Crazimanova

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March 2024

In thousands of tenge	Attributable to equity holders of the Parent						Non-controlling interests	Total Equity
	Shares outstanding	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings	Total		
Note	14	14	14	14				
At 1 January 2023 (audited)	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 period (unaudited)	-	-	-	-	28,278,071	28,278,071	5,016,712	33,294,782
Other comprehensive income (unaudited)	-	-	29,069	-	(375,694)	(346,625)	-	(346,625)
Total comprehensive income (unaudited)	-	-	29,069	-	27,902,377	27,931,446	5,016,712	32,948,158
At 31 March 2023 (unaudited)	12,136,529	(7,065,614)	55,252	1,820,479	669,139,208	676,085,854	87,470,127	763,555,981
At 1 January 2024 (audited)	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 period (unaudited)	-	-	-	-	24,671,939	24,671,939	887,919	25,559,858
Other comprehensive income (unaudited)	-	-	(1,645)	-	414,333	412,688	-	412,688
Total comprehensive income (unaudited)	-	-	(1,645)	-	25,086,272	25,084,627	887,919	25,972,546
At 31 March 2024 (unaudited)	12,136,529	(7,065,614)	21,796	1,820,479	728,044,194	734,957,384	94,677,499	829,634,883

Chief financial officer

Chief accountant



Atanuratova L.V.

Urzimanova M.M.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For three months period ended 31 March 2024**

<i>In thousands of tenge</i>	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Operating activities			
Profit before tax for the period		31,175,751	43,493,388
Adjustment for:			
Depreciation of property and equipment and right of use assets	5,16	24,135,380	23,917,972
Amortisation of intangible assets	6	11,567,098	7,377,930
Gain from reversal of impairment on non-financial assets	29	(7,906)	(126,107)
Changes in employee benefit obligations		930,731	1,176,225
Net foreign exchange loss		1,116,665	3,536,684
Impairment loss on financial assets	29	1,018,710	1,130,949
Write-down of inventories to net realizable value		447,722	4,615
Finance costs	25	13,116,039	9,798,440
Finance income		(1,864,631)	(4,528,844)
Income from government grants	21	(3,232,697)	(1,843,780)
Gain on disposal of property and equipment, net		36,932	135,155
Operating cash flows before changes in operating assets and liabilities		78,439,794	84,072,630
Changes in operating assets and liabilities			
Change in trade receivables		(906,620)	(10,068,407)
Change in inventories		(3,000,708)	(4,697,966)
Change in other current assets		(698,982)	(3,022,198)
Change in advances paid		1,460,035	(1,670,296)
Change in trade payables		(19,699,427)	(5,832,852)
Change in cost to obtain contracts and cost to fulfil contracts		11,202	19,468
Change in contract liabilities		(2,283,189)	(4,104,977)
Changes in other current liabilities		8,896,066	10,971,580
Cash flows from operating activities		62,218,171	65,666,982
Income tax paid		(9,608,281)	(10,295,688)
Interest paid		(10,317,368)	(6,458,826)
Interest received		1,209,382	3,845,210
Net cash flows from operating activities		43,501,904	52,757,678

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**For three months period ended 31 March 2024**

<i>In thousands of tenge</i>	Note	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Investing activities			
Purchase of property and equipment		(55,377,750)	(64,556,949)
Purchase of intangible assets		(8,773,277)	(55,995,157)
Proceeds from sale of property and equipment		38,049	70,398
Dividends received from an associate		-	50,219
Acquisition of equity instruments of other organizations (except subsidiaries) and interests in joint ventures	7	(424,918)	-
Placement of deposits		(96,800)	(423,032)
Return of cash on deposits	9	176,189	487,133
Return of cash with limited right of use		1,710	-
Proceeds from the sale of a 49% stake in an associated organization		-	4,544,676
Purchase of financial assets at amortized cost	12	(2,145,393)	(34,544,740)
Proceeds from redemption of financial assets at amortized cost	12	-	49,357,750
Issue of long-term loans to employees		(1,286,064)	(2,616,154)
Repayment of loans to employees		105,171	103,839
Net cash flows used in investing activities		(67,783,083)	(103,522,017)
Financing activities			
Loan receipts		53,338,550	-
Borrowings repaid	15	(49,765,504)	(3,213,564)
Repayment of lease liabilities	16	(2,095,240)	(4,473,583)
Dividends paid on common and preferred shares		(24,819)	-
Net cash flows used in financing activities		1,452,987	(7,687,147)
Effect of exchange rate changes on cash and cash equivalents		(636,984)	(3,516,292)
Effect of changes in expected credit losses	13	1,854	2,256
Net change in cash and cash equivalents		(23,463,322)	(61,965,522)
Cash and cash equivalents, as at 1 January	13	70,984,738	242,122,154
Cash and cash equivalents, as at 31 March	13	47,521,416	180,156,632

Disclosure of significant non-cash transactions is presented in *Note 27*

Chief financial officer



Atimuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**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 79,2% of the Company’s controlling shares. Below is a list of the Company’s shareholders as at 31 March 2024:

	At 31 March 2023 (unaudited)	At 31 December 2023
Samruk-Kazyna	79,2%	79,2%
"First Heartland Jusan Bank" JSC	9%	9%
ADR (The Bank of New York – depositor)	0,6%	0,6%
Corporate fund “Social Development fund”	3,4%	3,4%
Other	7,8%	7,8%
	100%	100%

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

The Company and its subsidiaries listed in *Note 2* (hereinafter collectively referred to as the “Group”) have a significant share of the fixed line and mobile communication markets, 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.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months period ended 31 March 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023 and for the year then ended. The interim condensed consolidated financial statements are presented in Kazakhstan tenge, and all amounts are rounded to nearest thousands, except when otherwise indicated.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes continuation of the course of business, realization of assets and settlement of liabilities in the normal course of business.

Foreign currency translation

The interim condensed financial statements of the Group 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 in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date when the transaction first qualifies for recognition criteria. Monetary assets and liabilities denominated in foreign currency 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 recognized in the interim condensed consolidated statement of comprehensive income.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**2. BASIS OF PREPARATION (continued)**

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

Foreign exchange rates are presented in the following table:

	31 March 2024 (unaudited)	31 December 2023
US dollar	446.78	454.56
Euro	481.81	502.24
Russian rubles	4.84	5.06

The functional currency of foreign operation KT-IX LLC (Russian Federation) is Russian rubles. During consolidation the assets and liabilities of foreign operation are translated into tenge at the rate of exchange prevailing at the reporting date and its 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.

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

	Country of incorporation	Percentage ownership	
		31 March 2024 (unaudited)	31 December 2023
Mobile Telecom-Service LLP	Kazakhstan	100.00%	100.00%
KT-IX LLC	Russia	100.00%	100.00%
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 JSC	Kazakhstan	100.00%	100.00%
Kcell JSC	Kazakhstan	51.00%	51.00%

3. MATERIAL ACCOUNTING POLICIES**New and amended standards and interpretations**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as at 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued but not yet effective

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

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

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.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

*The accounting policies and notes on pages 8 to 37 are an integral part of
these interim condensed consolidated financial statements.*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**3. MATERIAL SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards issued but not yet effective (continued)**

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

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

In January 2020 and October 2022, 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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.

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 amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

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

Lack of Exchangeability - Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21).

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

Lack of Exchangeability - Amendments to IAS 21 (continued)

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**3. MATERIAL SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards issued but not yet effective (continued)**

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

4. SEGMENT INFORMATION

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

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

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

Management monitors 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 operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

The following tables disclose revenue and profit information for the Group's operating segments for the three months period ended 31 March 2024 and 2023.

For the three months ended 31 March 2024 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communi- cation services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	62,569,070	111,242,885	186,276	-	173,998,231
Inter-segment	10,777,915	6,139,452	287,402	(17,204,769)	-
Total revenue from contracts with customers	73,346,985	117,382,337	473,678	(17,204,769)	173,998,231
Compensation for provision of universal services in rural areas	-	-	-	-	-
Income from government grants	462,914	2,769,783	-	-	3,232,697
Total	73,809,899	120,152,120	473,678	(17,204,769)	177,230,928
Financial results					
Depreciation and amortisation	(9,981,522)	(25,708,782)	(21,817)	9,686	(35,702,435)
Finance costs	(4,500,471)	(9,075,770)	-	460,202	(13,116,039)
Finance income	1,065,888	1,046,824	34,120	(282,201)	1,864,631
Gain from reversal of impairment on non-financial assets	6,723	1,183	-	-	7,906
Impairment losses on financial assets	447,423	(1,467,732)	1,599	-	(1,018,710)
Segment profit/(loss)	5,307,530	25,573,934	(69,884)	364,171	31,175,751

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)****For the three months ended 31 March 2023 (unaudited)**

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communi- cation services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	60,811,854	102,317,497	291,226	-	163,420,577
Inter-segment	10,521,956	5,343,210	298,998	(16,164,164)	-
Total revenue from contracts with customers	71,333,810	107,660,707	590,224	(16,164,164)	163,420,577
Compensation for provision of universal services in rural areas	2,213,475	-	-	-	2,213,475
Income from government grants	140,742	1,703,038	-	-	1,843,780
Total	73,688,027	109,363,745	590,224	(16,164,164)	167,477,832

Financial results					
Depreciation and amortisation	(10,192,615)	(21,366,104)	(9,704)	295,216	(31,273,207)
Finance costs	(5,854,048)	(4,308,941)	-	364,549	(9,798,440)
Finance income	1,195,548	3,590,370	21,712	(278,786)	4,528,844
Gain from reversal of impairment on non-financial assets	14,768	15,904	(4,369)	-	26,303
Impairment losses on financial assets	(267,763)	(873,582)	3,685	6,711	(1,130,949)
Segment profit/(loss)	9,835,551	33,618,667	(9,901)	49,071	43,493,388

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2024 and 31 December 2023, respectively:

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communi- cation services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Operating assets					
As at 31 March 2024 (unaudited)	1,204,499,253	1,058,270,566	2,609,699	(793,622,286)	1,471,757,232
As at 31 December 2023	1,210,067,248	863,515,452	2,142,756	(754,815,427)	1,320,910,029
Operating liabilities					
As at 31 March 2024 (unaudited)	277,426,350	428,632,674	1,557,663	(65,494,338)	642,122,349
As at 31 December 2023	271,350,788	323,862,237	1,235,389	(39,094,368)	557,354,046

Reconciliation of profit

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Segment profit	30,811,580	43,444,317
Other	364,171	(49,071)
Profit of the Group	31,175,751	43,493,388

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)****Reconciliation of assets**

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Segment operating assets	2,265,379,518	2,269,896,480
Elimination of the Company's investments in subsidiaries	(699,877,055)	(699,877,620)
Elimination of intra-group receivables and payables	(93,745,231)	(89,018,519)
Total assets of the Group	1,471,757,232	1,483,000,341

Reconciliation of liabilities

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Segment operating liabilities	707,616,687	735,404,762
Elimination of intra-group receivables and payables	(93,745,231)	(89,018,519)
Deferred tax liabilities	28,250,893	32,951,761
Total liabilities of the Group	642,122,349	679,338,004

5. PROPERTY AND EQUIPMENT

During the three months period ended 31 March 2024, the Group acquired property and equipment for KZT 30,754,062 thousand (unaudited) (during the three months period ended 31 March 2023: KZT 22,684,120 thousand (unaudited)).

During the three months period ended 31 March 2024, the Group disposed property and equipment with net book value of KZT 117,162 thousand (unaudited) (during the three months period ended 31 March 2023: KZT 1,100,453 thousand (unaudited)).

During the three months period ended 31 March 2024, the Group recognised increase in changes in estimates in assets retirement obligation for KZT 422,947 thousand (unaudited) (during the three months period ended 31 March 2023: decrease for KZT 143,581 thousand (unaudited)).

During the three months period ended 31 March 2024, the building with a carrying value of KZT 292,715 thousand refers to investment real estate, since it was no longer used by the Group, and it was decided to lease the building to third and related parties. As of 31 March 2024, the fair value of investment property amounted to 427,268 thousand tenge.

As at 31 March 2024, advances paid for non-current assets in the amount of KZT 3,757,298 thousand (unaudited) by advances paid for installation of base stations, construction and delivery of fixed assets (as at 31 December 2023: KZT 33,570,968 thousand). During the three months period ended 31 March 2024 the Group hasn't recognized impairment gain/(loss) on advances paid for non-current assets, (during the three months period ended 31 March 2023: KZT 9,897 thousand (unaudited)) (*Note 29*).

Impairment test

During the three months period ended 31 March 2024, the Group recognized gain from reversal of impairment in the amount of KZT 6,496 thousand (unaudited) (during the three months period ended 31 March 2023, gain from reversal of impairment: KZT 5,093 thousand (unaudited)) for property and equipment (unaudited), (during the three months period ended 31 March 2023: KZT 148,915 thousand (unaudited)). Reversal of impairment was recognized in the interim condensed consolidated statement of comprehensive income.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

6. INTANGIBLE ASSETS

During the three months period ended 31 March 2024, the Group acquired intangible assets in the amount of KZT 5,551,471 thousand (unaudited) (during the three months period ended 31 March 2023: KZT 79,167,034 thousand (unaudited)).

During the three months period ended 31 March 2024, the Group recognized amortization expense in the amount of KZT 11,567,098 thousand (unaudited) (during the three months period ended 31 March 2023: KZT 7,377,930 thousand (unaudited)).

During the three months period ended 31 March 2024, the Group hasn't recognized impairment gain/(loss) on intangible assets paid for of impairment (unaudited) (during the three months period ended 31 March 2023: KZT 730 thousand). Gain from reversal of impairment was recognized in the interim condensed consolidated statement of comprehensive income.

As at 31 March 2024 the gross carrying value of intangible assets, which have been fully amortized and still in use was KZT 69,423,252 thousand (unaudited) (as at 31 December 2023: KZT 68,741,862 thousand).

7. INVESTMENTS IN ASSOCIATES*Caspinet B.V. – joint venture*

Azertelecom INT LLC (AT) and Kazakhtelecom JSC (KT) have a mutual interest in the construction, operation and ownership of a fiber-optic cable between Azerbaijan and Kazakhstan along the bottom of the Caspian Sea ("Caspian Cable"). In this regard, and in accordance with the intergovernmental agreement between the Republic of Azerbaijan and the Republic of Kazakhstan, AT and KT agreed to cooperate in the establishment and management of the Business as a joint venture through "Caspinet B.V.". 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. As of 31 December 2023 Caspinet B.V. did not have any assets and liabilities.

On 19 January 2024 the authorized capital of Caspinet B.V. was replenished in the amount of USD 940,500 thousand (KZT 424,918 thousand).

8. IMPAIRMENT TESTING

Goodwill is tested by the Group for impairment annually as at 31 December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

As at 31 March 2024 there were no indicators for impairment of all CGUs, including those CGUs to which goodwill was allocated, therefore, management has not updated any of impairment calculations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**9. OTHER NON-CURRENT FINANCIAL ASSETS**

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Long-term accounts receivable	2,478,439	1,522,938
Loans to employees	2,796,901	2,717,964
Long-term deposits	1,141,293	1,283,649
Other	314,524	342,983
	6,731,157	5,867,534
Less: allowance for expected credit losses	(110,184)	(110,184)
	6,620,973	5,757,350

As at 31 March 2024 and 31 December 2023, the Group's other non-current financial assets were denominated in the following currencies:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Tenge	6,620,973	5,757,350
	6,620,973	5,757,350

During the three months period ended 31 March 2024, the Group placed several long-term deposits in Halyk Bank of Kazakhstan JSC for the total amount of KZT 1,141,293 thousand with the maturity date in 2038 and an interest rate of 0.1% per annum. Employees are entitled to receive an interest-free loan from a bank secured by a deposit only if they work for the Company. In case of dismissal of an employee, the Company has the right to demand full repayment of the loan. These bank deposits were discounted at the date of placement using market interest rates, and the difference in the amount of KZT 549,470 thousand between the fair value and the nominal amount was recognized as deferred expenses in the consolidated statement of financial position. During the three months ended March 31, 2024, the Group made a withdrawal in the amount of KZT 176,189 thousand (during the three months ended March 31, 2023: made a withdrawal in the amount of KZT 487,133 thousand).

10. TRADE RECEIVABLES

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Trade receivables	63,830,686	63,179,413
	63,830,686	63,179,413
Less: allowance for expected credit losses	(13,216,771)	(12,423,599)
	50,613,915	50,755,814

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Allowance for expected credit losses at the beginning of the period	(12,423,599)	(13,150,258)
Charge for the period (Note 29)	(1,002,514)	(1,150,432)
Write-off for the period	209,342	60,483
Allowance for expected credit losses at the end of the period	(13,216,771)	(14,240,207)

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**11. OTHER CURRENT FINANCIAL ASSETS**

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Bank deposits	3,498,304	3,503,379
Loans to employees	1,845,237	1,800,016
Restricted cash	911,059	912,769
Due from employees	357,566	494,924
Other accounts receivable	3,221,325	3,660,451
	9,833,491	10,371,539
Less: allowance for expected credit losses	(5,109,218)	(5,091,480)
	4,724,273	5,280,059

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

Restricted funds represent funds in accounts with Kazinvestbank JSC and Eximbank Kazakhstan JSC in the amount of KZT 411,605 thousand and KZT 499,454 thousand, respectively, which are assessed as unlikely to be recovered in connection with the revocation of banking licenses. The provision for expected credit losses was taken into account for the entire amount of these funds.

During the three months ended March 31, 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 5.8% to 13.25% in the amount of 98,804 thousand tenge.

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Allowance for expected credit losses at the beginning of the period	(5,091,480)	(5,192,904)
(Charge)/accrued for the period (Note 29)	(18,050)	17,227
Write-off for the period	312	532
Allowance for expected credit losses at the end of the period	(5,109,218)	(5,175,145)

12. FINANCIAL ASSETS CARRIED AT AMORTISED COST**Financial assets carried at amortised cost**

During the three months ended March 31, 2024, the Group purchased discount international bonds of the United States Department of the Treasury (US Treasury bills), at an acquisition price of USD 4,809 thousand (equivalent to KZT 2,145,393 thousand).

During the three months period ended 31 March 2024, the Group acquired short term discount notes at National Bank of the Republic of Kazakhstan ("NBK") price KZT 34,544,740 thousand. During the three months period ended 31 March 2024 short term discount notes with nominal value in the amount of KZT 49,357,750 thousand and interest income in the amount of KZT 642,250 thousand was redeemed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**12. FINANCIAL ASSETS CARRIED AT AMORTISED COST(continued)**

As at 31 March 2024 and 31 December 2023, financial assets carried at amortised cost are:

<i>In thousands of tenge</i>	Maturity date	Yield to maturity	Nominal value	31 March 2024 (unaudited)	31 December 2023
US Treasury bills	30 April 2024	5.39%	29,158,650	29,041,141	-
US Treasury bills	13 June 2024	5.36%	16,743,527	16,579,609	-
US Treasury bills	2 April 2024	5.36%	2,148,565	2,131,747	-
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%	15,974,147	-	15,909,063
			94,068,579	47,752,497	45,770,813

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

13. CASH AND CASH EQUIVALENTS

As at 31 March 2024 and 31 December 2023, cash and cash equivalents comprised:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Deposits with less than 90 days' maturity from the date of opening	42,568,423	65,453,268
Cash on current bank accounts	4,943,875	5,520,606
Cash on hand	10,663	14,263
	47,522,961	70,988,137
Less: allowance for expected credit losses	(1,545)	(3,399)
	47,521,416	70,984,738

During the three months ended March 31, 2024, interest was accrued on funds placed in current bank accounts at interest rates from 0.5 to 12% per annum (December 31, 2023: from 0.5 to 12% per annum).

Short-term bank deposits opened for a period of one day to three months, depending on the Group's current cash needs, as of March 31, 2024 amounted to KZT 42,568,423 thousand with a rate of 3 to 14.40% (as of December 31, 2023: KZT 65,453,268 thousand with a rate of up to 15.25%).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**13. CASH AND CASH EQUIVALENTS (continued)**

As at 31 March 2024 and 31 December 2023, cash and cash equivalents were denominated in the following currencies:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023 (audited)
Tenge	28,537,633	28,866,082
US dollars	18,623,422	41,840,133
Euro	266,360	202,685
Russian roubles	54,980	35,545
Other	39,021	40,293
	47,521,416	70,984,738

Movements in the allowance for expected credit losses were as follows for the three months ended 31 March 2024:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Allowance for expected credit losses at the beginning of the period	(3,399)	(10,646)
Restored for the period (<i>Note 29</i>)	1,854	2,256
Allowance for expected credit losses at the end of the period	(1,545)	(8,390)

14. 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 March 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 2022 (audited)	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
At 31 December 2023 (audited)	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
At 31 March 2024 (unaudited)	216,852	914,868	3,052,617	4,012,997	7,065,614

Shares issued less reacquired shares

As at 31 March 2024, number of common and preferred shares issued net of reacquired shares was 10,706,024 and 298,785 shares, respectively.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Preferred shares**

Holders of preferred shares are entitled to receive annual cumulative dividends of 300 tenge per share, and not less than the amount of the dividends per share paid to holders of common shares. Payment of guaranteed amount preferred shares dividends does not require a resolution of Kazakhtelecom JSC shareholders meeting. The discounted value of future cash flows of annual cumulative dividends is recorded as a financial liability as at 31 March 2024 in the amount of KZT 814,868 thousand (31 December 2023: KZT 814,868 thousand).

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 22,409 thousand were accrued as at 31 March 2024 (2023: KZT 89,636 thousand) and are recorded as interest expenses in the interim condensed consolidated statement of comprehensive income (*Note 25*).

Movements in dividends payable for the periods ended 31 March were as follow:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Dividends payable at the beginning of the period	17,753	17,573
Interest on debt component of preferred shares (<i>Note 25</i>)	22,409	22,409
Dividends payable at the end of the period (<i>Note 18</i>)	39,982	39,982

Other reserves

According to the Company's Charter, the Company created a reserve capital equal to 15% of the authorized share capital. This reserve capital was created through appropriation of the retained earnings. There were no movements in the reserve capital at 31 March 2024 and at 31 December 2023.

Foreign currency translation reserve

The foreign currency translation reserve is used to record 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 interim condensed consolidated financial statements in accordance with the accounting policy disclosed in *Note 2*.

Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to common equity holders of the Parent (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 tables reflects profit and share data used in the basic and diluted earnings per share computations:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Net profit	24,671,939	28,278,071
Interest on preferred shares (<i>Note 25</i>)	22,409	22,409
Net profit for calculating of basic and diluted earnings per share	24,694,348	28,300,480
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	2,243.96	2,571.65

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

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Additional information disclosed in accordance with Kazakhstan Stock Exchange (KASE) requirements**

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

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Total assets	1,471,757,232	1,320,910,029
Less: intangible assets, including goodwill	(488,313,620)	420,195,176
Less: total liabilities	(642,122,349)	557,354,046
Less: preferred shares issued net of reacquired shares	(298,785)	298,785
Net assets for calculation of cost of ordinary share in accordance with listing requirements of KASE	341,022,478	343,062,022
Number of ordinary shares	10,706,024	10,706,024
Cost of ordinary share, calculated in accordance with listing requirements of KASE (in tenge)	31,853	32,044

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

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

Another requirement for disclosure is the amount of the dividends payable to owners of preferred non-voting shares. The carrying book value 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. At the same time, according to the methodology of KASE, the dividend 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 2023, this indicator amounted to KZT 21,473 due to the lack of payment on preferred shares during the three months ended 31 March 2024, this amount did not change.

15. BORROWINGS

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

<i>In thousands of tenge</i>	Weighted average effective interest rate	2024	Weighted average effective interest rate	2023
Borrowings with fixed interest rate	14.87%	172,829,825	15.90%	168,557,967
Bonds with a fixed interest rate	11.85%	123,959,412	11.85%	122,833,631
		296,789,237		291,391,598

Borrowings are repayable as follows:

<i>In thousands of tenge</i>	2024	2023
Current portion of borrowings	85,500,067	80,589,678
Maturity between 1 and 2 years	55,446,388	46,839,056
Maturity between 2 and 5 years	147,350,503	155,473,741
Maturity over 5 years	8,492,279	8,489,123
Total non-current portion of borrowings	211,289,170	210,801,920
Total borrowings	296,789,237	291,391,598

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)**

As of 31 March 2024 and 31 December 2023, loans represented by the following:

Borrowings	Maturity date	Currency	Effective interest rate	2024	2023
Halyk Bank of Kazakhstan JSC					
- Credit line agreement KS 02-19-06					
- Borrowing agreement KD 02-19-06-01	21-May-27	Tenge	12.2%	34,283,047	36,955,885
- Credit line agreement KS 02-23-05					
- Borrowing agreement KD 02-23-05-01	15-Sep-26	Tenge	20.1%	902,111	992,321
- Borrowing agreement KD 02-23-05-02	21-Sep-26	Tenge	20.1%	2,550,697	2,805,767
- Borrowing agreement KD 02-23-05-02	16-Nov-26	Tenge	19.5%	2,351,417	2,566,437
- Credit line agreement KS 02-23-40					
- Borrowing agreement KD 02-23-40-01	20-Nov-24	Tenge	19.5%	7,591,666	10,113,333
- Credit line agreement KS 02-23-06					
- Borrowing agreement KD 02-23-06-9	29-Sep-26	Tenge	18.5%	5,755,910	5,755,910
- Borrowing agreement KD 02-23-06-14	16-Nov-26	Tenge	18.0%	817,600	818,000
- Borrowing agreement KD 02-23-06-16	23-Nov-26	Tenge	18.0%	957,390	957,860
- Borrowing agreement KD 02-23-06-17	30-Nov-26	Tenge	17.75%	2,639,740	2,639,740
- Borrowing agreement KD 02-23-06-18	30-Nov-26	Tenge	17.75%	826,899	826,899
- Borrowing agreement KD 02-23-06-20	14-Dec-26	Tenge	17.75%	1,774,752	1,774,752
- Borrowing agreement KD 02-23-06-21	22-Dec-26	Tenge	17.75%	4,413,017	4,419,525
- Borrowing agreement KD 02-23-06-22	22-Dec-26	Tenge	17.75%	2,146,331	2,149,496
- Borrowing agreement KD 02-23-06-23	28-Dec-26	Tenge	17.75%	2,303,402	2,303,402
- Borrowing agreement KD 02-23-06-24	28-Dec-26	Tenge	17.75%	1,001,479	1,001,479
- Borrowing agreement KD 02-23-06-25	11-Jan-27	Tenge	17.75%	1,819,028	-
- Borrowing agreement KD 02-23-06-26	12-Jan-27	Tenge	17.75%	2,857,116	-
- Borrowing agreement KD 02-23-06-27	18-Jan-27	Tenge	17.75%	1,555,469	-
- Borrowing agreement KD 02-23-06-28	18-Jan-27	Tenge	17.75%	2,486,383	-
- Borrowing agreement KD 02-23-06-29	18-Jan-27	Tenge	17.75%	3,781,375	-
- Borrowing agreement KD 02-23-06-30	25-Jan-27	Tenge	17.25%	2,475,900	-
- Borrowing agreement KD 02-23-06-31	25-Jan-27	Tenge	17.25%	928,463	-
- Borrowing agreement KD 02-23-06-32	1-Febr-27	Tenge	17.25%	2,561,288	-
- Borrowing agreement KD 02-23-06-33	1-Febr-27	Tenge	17.25%	1,029,228	-
- Borrowing agreement KD 02-23-06-34	15-Febr-27	Tenge	17.25%	3,064,688	-
- Borrowing agreement KD 02-23-06-35	22-Febr-27	Tenge	17.25%	3,054,625	-
- Borrowing agreement KD 02-23-06-35	12-March-27	Tenge	16.75%	9,003,990	-
- Borrowing agreement KD 02-23-06-40	19- March-27	Tenge	16.75%	2,111,725	-
- Borrowing agreement KD 02-23-06-41	29- March-27	Tenge	16.75%	5,109,259	-
- Borrowing agreement KD 02-23-06-8	8-Sep-26	Tenge	20.1%	-	17,139,778
- 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 02-23-06-15	23-Nov-26	Tenge	19.5%	-	5,655,450
- Borrowing agreement KD 02-23-06-19	7-Dec-26	Tenge	19.2%	-	992,563
Development Bank of Kazakhstan JSC					
- Credit line agreement 39-CM-A/05-02					
- Borrowing agreement ДБЗИ 164-A/05-02	19-Dec-24	Tenge	7.12%	2,902,049	2,852,241
- Credit line agreement 40-CM-A/05-02					
- Borrowing agreement ДБЗИ 215-A/05	19-Dec-24	Tenge	7.12%	1,226,980	1,881,410
- Credit line agreement CM-170-19					
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	5,004,088	4,916,402
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	4,904,115	4,818,181
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	4,107,488	4,035,513
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	4,211,220	4,137,427
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	1,446,480	1,416,150

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)****Bank of China Kazakhstan JSC**

- Credit line agreement #232001					
- Tranche #1	25-Dec-26	Tenge	17.5%	-	6,200,000
- Tranche #2	25-Dec-26	Tenge	15.25%	6,278,791	-
- Credit line agreement #192004					
- Tranche #1	1-Jun-24	Tenge	10.85%	2,094,805	2,094,806
- Tranche #2	23-Feb-2026	Tenge	17.8%	3,000,000	3,000,000
- Tranche #3	23-Feb-2026	Tenge	17.8%	10,000,000	10,000,000

Nurbank JSC

- Credit line agreement #10/23-00					
- Borrowing agreement 1-10/23-00	8-Sep-2026	Tenge	18.7%	15,000,000	15,000,000

First Heartland Jusan Bank JSC

	10-Nov-2024	Tenge	11.624%	499,814	512,351
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172,829,825 168,557,967

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

During the three months period ended 31 March 2024, the Group repaid principal of KZT 2,607,048 thousand and repaid interest of KZT 1,121,791 thousand (during the three months period ended 31 March 2023: KZT 2,607,048 thousand and KZT 1,405,778 thousand, respectively).

Credit line agreement KS 02-23-05

In February 2023 the Group opened a non-revolving credit line with the limit of KZT 40,000,000 thousand in JSC Halyk Bank of Kazakhstan in order to finance capital expenditures. The interest rate on this credit line is fixed and 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% per annum, the term of the credit line is 60 months, the term of tranches is up to 36 months, without collateral.

During the three months period ended 31 March 2024, the Group repaid the principal debt of KZT 551,941 thousand and repaid interest of KZT 291,776 thousand. The repayment period is 36 months from the date of financing.

Credit line agreement KS 02-23-40

On 17 November 2023 the Group opened a renewed credit line in the amount of KZT 20,000,000 thousand in JSC Halyk Bank of Kazakhstan 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% 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. During the three months period ended 31 March 2024, the Group repaid the principal debt of KZT 2,500,000 thousand and repaid interest of KZT 460,000 thousand. The repayment period is 12 months from the date of financing.

Credit line agreement KS 02-23-06

In February 2023 the Group signed an agreement on nonrevolving credit line with JSC "Halyk Bank of Kazakhstan" with the limit of KZT 50,000,000 thousand on investments in capital expenditures. The interest rate on this credit line is fixed and 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% 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 revolving limit of KZT 40,500,000 thousand for working capital financing. During 2023 the Group received tranches within the credit line in the amount of KZT 82,761,000 thousand. During the three months

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)****Halyk Bank of Kazakhstan JSC (continued)**

period ended 31 March 2024, the Group received KZT 40,938,550 thousand, repaid KZT 31,100,000 thousand of principal amount and repaid interest of KZT 2,856,650 thousand.

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

During the three months period ended 31 March 2024, the Group did not repay (during the three months period ended 31 March 2023 did not repay).

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

During the three months period ended 31 March 2024, the Group repaid principal of KZT 606,515 thousand and repaid accrued interest of KZT 81,880 thousand (during the three months period ended 31 March 2023: KZT 606,516 thousand and KZT 135,708 thousand, respectively).

Credit line agreement CM-170-19

During the three months period ended 31 March 2024, the Group did not repay (during the three months period ended 31 March 2023 did not repay).

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

On 25 January 2024, as part of the signed Agreement on the provision (opening) of a credit line with the Bank of China in Kazakhstan JSC dated June 30, 2023, a new tranche was selected on the following conditions: the amount of the credit line is KZT 6,200,000 thousand, for a period of 3 years, until 25 December 2026; the interest rate is 15.75%.

On 28 February 2024, as part of the signed Agreement on the Provision (opening) of a credit line with JSC Bank of China in Kazakhstan dated June 30, 2023, the Company repaid the loan in the amount of KZT 6,200,000 thousand ahead of schedule and interest of KZT 95,225 thousand.

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 JSC "Bank of China in Kazakhstan" with a repayment period of 3 years and an interest rate of 15.25% per annum.

Credit line agreement #192004

In June 2023 the Group obtained additional tranche in the amount of KZT 13,000,000 thousand. The interest rate on this tranche 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 0.5% per annum.

During the three months period ended 31 March 2024, the Group repaid interest of KZT 533,993 thousand (during the three months period ended 31 March 2023: KZT 51,500 thousand).

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

On 8 September 2023 the Group opened a revolving credit line with the limit of KZT 15,000,000 thousand in Nurbank JSC in order to refinance its borrowings in First Heartland Jusan Bank JSC. The interest rate on this credit line is fixed and equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 0.77% per annum.

During the three months period ended 31 March 2024, the Group repaid interest of KZT 52,072 thousand.

First Heartland Jusan Bank JSC

On August 2, 2023, the Group received a letter from First Heartland Jusan Bank JSC with a request to carry out full early release under the Loan Agreement until August 25, 2023, due to the fact that the Group became an affiliate of bank. On September 08, 2023, the Group repaid the debt in the amount of KZT 40,000,000 thousand. The remaining

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**15. BORROWINGS (continued)****First Heartland Jusan Bank JSC (continued)**

balance of the debt as of 31 March 2024 is KZT 499,814 thousand. During the three months period ended 31 March 2024, the Group repaid interest of KZT 13,903 thousand

Debt securities

As of 31 March 2024 and 31 December 2023, debt securities issued represented by the following:

Bonds	Maturity date	Currency	Effective interest rate	2024	2023
Local bonds of Kazakhtelecom JSC (KZTKb3)	19 June 2026	Tenge	11.86%	82,566,495	80,261,964
Local bonds of Kazakhtelecom JSC (KTCB.1024) (Note 28)	1 November 2024	Tenge	11.84%	41,392,917	42,571,667
				123,959,412	122,833,631

Local bonds of Kazakhtelecom JSC (KZTKb3)

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

During the three months period ended 31 March 2024, the Group did not repay (during the three months period ended 31 March 2023 did not repay).

Debt securities (continued)*Local bonds of Kazakhtelecom JSC (KTCB.1024)*

On 6 November and 12 December 2018 the Group issued bonds on the stock exchange of the International Financial Center Astana (AIX) for amount of KZT 100,000,000 thousand at an effective interest rate of 11.84% and maturity in November 2024. The nominal value of one bond is one thousand tenge.

On 10 December 2020 the Group early partially redeemed local bonds with the maturity till 1 November 2024 for KZT 25,000,000 thousand.

During 2022 the Group has bought out part of the bonds ahead of schedule amount for KZT 34,000,000 thousand. During the three months period ended 31 March 2024, the Group repaid accrued interest of KZT 2,357,500 thousand (during the three months period ended 31 March 2023: KZT 2,357,500 thousand).

Covenants

The Group is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As at 31 March 2024 the Group complied with all financial and non-financial covenants.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

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

<i>In thousands of tenge</i>	Buildings and constructions	Site for networks and base station equipment	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	(2,033,389)	53,607,555	-	51,574,166
Transfer to fixed assets	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	580,667	1,711,306	-	2,291,973
Modifications	1,999,260	(53,182)	-	1,946,078
Disposals	(2,204,905)	-	-	(2,204,905)
At 31 March 2024 (unaudited)	22,816,193	112,708,849	-	135,525,042
Depreciation charge				
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 fixed assets	(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	(1,499,423)	(2,050,781)	-	(3,550,204)
Disposals	2,204,905	-	-	2,204,905
At 31 March 2024 (unaudited)	12,549,222	35,990,666	-	48,539,888
Net book value				
At 31 december 2023	9,186,467	77,110,840	-	86,297,307
At 31 March 2024 (unaudited)	10,267,071	76,718,183	-	86,985,254

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
At the beginning of the period	91,518,878	40,825,884
Additions	2,291,973	5,350,162
Modifications	1,946,078	(191,535)
Cancellation	-	(2,708)
Interest expenses (Note 25)	2,377,217	1,254,027
Payment of interest part	(2,377,217)	(1,254,026)
Payment of principal part	(2,095,240)	(4,473,583)
At the end of the period	93,661,689	41,508,221

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Non-current portion of liabilities	81,429,681	28,105,553
Current portion of lease liabilities	12,232,008	13,402,668

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

The following are the amounts recognised in profit or loss:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Depreciation expense of right-of-use assets	3,550,204	3,479,582
Interest expense on lease liabilities (Note 25)	2,377,217	1,254,027
Expense relating to short-term leases and leases of low-value assets (included in cost of sales) (Note 24)	1,722,831	488,523
Expense relating to short-term leases (included in general and administrative expenses)	92,670	51,899
	7,742,922	5,274,031

During the three months period ended 31 March 2024, the Group had total cash outflows (principal and interest amount) for leases of KZT 6,287,958 thousand, including cash outflow of KZT 1,815,501 thousand related to leases of low-value assets and short-term leases (during the three months period ended 31 March 2023: KZT 6,268,032 thousand and KZT 540,422 thousand, respectively).

17. NON-CURRENT CONTRACT LIABILITIES

As at 31 March 2024 and 31 December 2023, non-current contract liabilities comprised:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Contract liabilities from operators	2,994,960	3,241,662
Contract liabilities for connection of subscribers	358,070	351,833
Other contract liabilities	3,661,373	3,495,147
	7,014,403	7,088,642

18. OTHER CURRENT FINANCIAL LIABILITIES

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Payable to employees	24,543,024	29,093,300
Dividends payable (Note 14)	39,982	42,392
Other	3,799,580	3,730,176
	28,382,586	32,865,868

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

19. CURRENT CONTRACT LIABILITIES

As at 31 March 2024 and 31 December 2023, current contract liabilities comprised:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Advances received	28,612,322	30,584,127
Contract liabilities from operators	1,516,685	1,567,271
Contract liabilities for connection of subscribers	219,664	227,587
Other contract liabilities	108,286	112,568
Other	64,206	122,937
	30,521,163	32,614,490

Advances received represents the prepayment for the services of the Group like telecommunications services, internet services, IP-TV by customers.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**20. OTHER CURRENT NON-FINANCIAL LIABILITIES**

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Provisions		
Tax provisions	2,027,996	2,025,935
Asset retirement obligation	1,209,514	955,785
Legal claims on contractual obligation and penalties	415,732	2,061,971
	3,653,242	5,043,691
Other non-financial liabilities		
Taxes payable other than income tax	10,153,547	7,250,355
Payable to pension funds	1,435,458	1,187,388
Other	902,985	811,894
	12,491,990	9,249,637
	16,145,232	14,293,328

21. GOVERNMENT GRANTS

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

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Government grants at the beginning of the period	40,176,438	26,857,966
Received during the period	7,905,899	22,778,254
Released to the statement of profit or loss	(3,232,697)	(9,459,782)
Government grants at the end of the period	44,849,640	40,176,438
Current portion	9,984,717	8,414,199
Non-current portion	34,864,923	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 form of 90% reduction in the annual fee for use of radio frequencies from 1 January 2020 till 1 January 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities.

The funds released as a result of reduction in the annual fee for use of radio frequencies for the three months period ended 31 March 2024 in the amount of KZT 7,905,899 thousand, were used by the Group for the purchase and construction of certain items of property and equipment (mainly base stations). Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. As at 31 March 2024, the balance of deferred income recognized was equal to KZT 44,849,640 thousand (As of 31 December 2023 KZT 40,176,438 thousand), and part of the government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to KZT 3,232,697 thousand.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**22. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customer for the three months ended 31 March comprised:

<i>In thousands of tenge</i>	For the three months ended 31 March 2024			
	Fixed line	Mobile connection	Other	Total
Data transfer services	38,503,580	62,483,228	2,111	100,988,919
Rendering of fixed line and wireless phone services	8,270,326	33,214,667	–	41,484,993
Sale of equipment and mobile devices	415	9,072,168	–	9,072,583
Interconnect	2,595,724	1,719,861	–	4,315,585
Rent of channels	640,565	–	–	640,565
Other	12,511,883	4,799,390	184,313	17,495,586
	62,522,493	111,289,314	186,424	173,998,231
Services transferred over time	62,522,078	102,217,146	186,424	164,925,648
Goods transferred at a point of time	415	9,072,168	–	9,072,583
	62,522,493	111,289,314	186,424	173,998,231
B2C*	34,920,635	93,080,306	161,103	128,162,044
B2B**	9,148,480	11,278,328	25,231	20,452,129
B2O***	4,988,323	5,624,189	–	10,612,512
B2G****	13,465,055	1,306,491	–	14,771,546
	62,522,493	111,289,314	186,424	173,998,231

<i>In thousands of tenge</i>	For the three months ended 31 March 2023			
	Fixed line	Mobile connection	Other	Total
Data transfer services	38,821,783	49,277,571	4,431	88,103,785
Rendering of fixed line and wireless phone services	9,857,149	33,962,906	–	43,820,055
Sale of equipment and mobile devices	1,768	9,542,216	–	9,543,984
Interconnect	3,178,560	2,594,127	–	5,772,687
Rent of channels	682,717	–	–	682,717
Other	13,271,195	1,905,113	321,041	15,497,349
	65,813,173	97,281,932	325,472	163,420,577
Services transferred over time	65,811,405	87,739,716	325,472	153,876,593
Goods transferred at a point of time	1,768	9,542,216	–	9,543,984
	65,813,173	97,281,932	325,472	163,420,577
B2C*	34,366,510	81,729,549	264,562	116,360,622
B2B**	11,216,343	7,391,498	60,910	18,668,752
B2O***	5,212,074	6,976,878	–	12,188,953
B2G****	15,018,244	1,184,006	–	16,202,251
	65,813,173	97,281,932	325,472	163,420,577

* 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.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**23. COMPENSATION FOR PROVISION OF UNIVERSAL SERVICES IN RURAL AREAS**

According to the approved regulatory documents on subsidization, losses for the provision of universal telecommunications services in rural areas are subject to subsidies. The amount of compensation is calculated under the terms of the tender or the assignment of obligations to provide subsidy to universal telecommunications services to a telecommunications operator on the difference between the costs and actual revenues from the unprofitable universal telecommunications services.

During the three months period ended 31 March 2024, the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan did not hold tenders to determine the operator of universal services.

24. COST OF SALES

Cost of sales for the three months ended 31 March comprised:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Depreciation and amortization	34,866,451	29,852,638
Personnel costs	32,366,067	28,047,401
Fees for radiofrequencies use	9,257,246	6,060,431
Cost of SIM-card, scratch card and handsets	8,510,374	7,759,761
Repair and maintenance	6,751,707	4,721,087
Interconnect	6,579,113	6,527,867
Electricity	4,303,521	3,244,046
Rent of channels	3,228,217	2,943,472
Fee to provide telecom services	2,331,554	2,187,793
Short-term leases and leases of low-value assets (Note 16)	1,722,831	488,523
Content	1,425,331	1,310,062
Inventories	1,255,638	1,129,013
Utilities	814,983	743,811
Security and safety	797,446	754,364
Business trip expenses	546,164	492,316
Insurance	278,700	250,144
Satellite communication services	187,044	199,146
Network sharing agreement	119,647	111,858
Other	4,192,289	4,011,100
Payment for the use of licensed software	119,534,323	100,834,833

25. FINANCE COSTS

Finance costs and finance income for the three months ended 31 March comprised:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Finance costs		
Interest expense on loans	9,751,119	6,765,589
Interest expense on lease liabilities (Note 16)	2,377,217	1,254,027
Unwinding of discount (provision for asset retirement obligation)	814,280	148,539
Unwinding of discount on long-term accounts payable	82,011	15,212
Interest on debt component of preferred shares (Note 14)	22,409	22,409
Discounting of long-term loans to employees	-	1,393,190
Discounting of other non-current financial assets	-	176,836
Other costs	69,003	22,638
	13,116,039	9,798,440

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**26. INCOME TAX EXPENSES**

Income tax expenses for the three months ended 31 March comprised:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Current corporate income tax expenses	6,414,136	12,020,656
Deferred income tax benefit	(798,243)	(1,822,051)
	5,615,893	10,198,605

27. NON-CASH TRANSACTIONS

The following significant non-cash transactions have been excluded from the interim condensed consolidated statement of cash flows: During the three months period ended 31 March 2024, the Group received government grants in the total amount of KZT 7,905,899 thousand represented by 90% reduction in the annual fee for use of radio frequencies((during the three-month period ended 31 March 2023: KZT 5,994,685 thousand (unaudited)).

During the three months period ended 31 March 2024, the Group paid an amount of KZT 78,262,370 thousand (unaudited) for property and equipment purchased and intangible assets acquired in the previous year (during the three-month period ended 31 March 2023: KZT 56,652,145 thousand (unaudited)). Fixed assets in the amount of KZT 38,966,656 thousand (unaudited) were purchased before 31 March 2024, but not paid as of 31 March 2023 (purchased but not paid as of 31 March 2023: 71,515,408 thousand tenge (unaudited)).

During the three months period ended 31 March 2024, the Group withhold from the salary of employees the amount of previously issued loans for KZT 1,809,223 thousand (during the three months period ended 31 March 2023: KZT 366,081 thousand(unaudited)).

28. RELATED PARTY TRANSACTIONS

The category 'entities under control of the Parent' include entities controlled by the Parent Company. Transactions with such entities are mainly represented by transactions of the Group with NC Kazakhstan Temir Zholy JSC, NC KazMunayGaz JSC, KEGOC JSC, Kazpost JSC. The Group provides telecommunication services to the Parent and 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 at the end of the year are not secured, are short-term, and settlements are made in cash, except as described below.

At 31 March 2024, the Group recognized a provision for expected credit loss in the amount of KZT 452,249 thousand in respect of receivables from related parties. Sales and purchases with related parties during the periods of three months period ended 31 March 2024 and 31 March 2023 and the balances with related parties at 31 March 2024 and 31 December 2023 were as follows:

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 March 2023 (unaudited)
Sales of goods and services		
Parent	3,237	3,258
Parent-controlled entities	724,906	859,050
Government-related entities	13,577,495	14,406,004
Purchases of goods and services		
Parent-controlled entities	1,453,276	902,276
Government-related entities	178,808	47,316
Interest accrued on borrowings and bonds		
Entities under state control (Development Bank of Kazakhstan JSC)	433,491	549,099
<i>Average interest rate on borrowings</i>	8.02%	7.99%
Parent*	1,178,750	1,178,750
<i>Average interest rate on bonds</i>	11.84%	11.84%

* Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024) were purchased by the parent company, Samruk-Kazyna

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**28. RELATED PARTY TRANSACTIONS (continued)**

<i>In thousands of tenge</i>	31 March 2024 (unaudited)	31 December 2023
Cash and cash equivalents		
Entities under state control		
(Development Bank of Kazakhstan JSC)	73	78
Borrowings and bonds (Note 15)		
Entities under state control		
(Development Bank of Kazakhstan JSC)	23,802,420	24,057,324
Parent*	41,392,917	42,571,667
Trade receivables		
Parent	1,173	1,216
Parent-controlled entities	653,490	571,856
Government-related entities	10,471,896	5,347,641
Trade payables		
Parent	59	59
Parent-controlled entities	966,562	1,064,069
Government-related entities	1,113,792	1,647,143

* Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024) were purchased by the parent company, Samruk-Kazyna.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES**Impairment losses on financial assets/ gain from reversal of impairment**

Impairment losses on financial assets for the three months period ended 31 March 2024, comprise accrued/(reversed) allowance for expected credit loss for trade receivables in amount of KZT 1,002,514 thousand (Note 10), other current financial assets in amount of KZT 18,050 thousand (Note 11), cash and cash equivalents in amount of KZT (1,854) thousand (Note 13) (for the three months period ended 31 March 2023: trade receivables in amount of KZT 1,150,432 thousand, other current financial assets in amount of KZT (17,227) thousand, cash and cash equivalents in amount of KZT (2,256) thousand).

Impairment losses on non-financial assets / gain from reversal of impairment

Impairment losses on non-financial assets for the three months period ended 31 March 2024, comprise accrued/(reversed) allowance for impairment for advances paid for current assets for KZT (1,410) thousand, impairment of property and equipment for KZT (6,496) thousand (Note 5) (for the three months period ended 31 March 2023: provision for impairment of advances paid for non-current assets for KZT (9,897) thousand, advances paid for KZT (7,088) thousand and impairment of property and equipment for KZT 143,822 thousand and impairment of intangible assets for KZT (730) thousand).

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

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**29. 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 assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 31 March 2024 was as follows:

<i>In thousands of tenge</i>	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	At 31 March 2024	47,752,497	-	-	47,752,497
Investment property	At 31 March 2024	-	-	292,715	292,715
Other non-current financial assets	At 31 March 2024	-	-	6,620,973	6,620,973
Other current financial assets	At 31 March 2024	-	-	4,724,273	4,724,273
Trade receivables	At 31 March 2024	-	-	50,613,915	50,613,915
Liabilities for which fair values are disclosed					
Borrowings	At 31 March 2024	-	-	296,789,237	296,789,237
Other non-current financial liabilities	At 31 March 2024	-	-	5,931,035	5,931,035
Other current financial liabilities	At 31 March 2024	-	-	28,382,586	28,382,586
Trade payables	At 31 March 2024	-	-	63,430,486	63,430,486

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Fair value (continued)**

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

<i>In thousands of tenge</i>	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	At 31 December 2023	45,770,813	–	–	45,770,813
Investment property	At 31 December 2023	–	–	427,268	427,268
Other non-current financial assets	At 31 December 2023	–	–	5,757,350	5,757,350
Other current financial assets	At 31 December 2023	–	–	5,280,059	5,280,059
Trade receivables	At 31 December 2023	–	–	50,755,814	50,755,814
Liabilities for which fair values are disclosed					
Borrowings	At 31 December 2023	–	–	292,300,472	292,300,472
Other non-current financial liabilities	At 31 December 2023	–	–	7,339,002	7,339,002
Other current financial liabilities	At 31 December 2023	–	–	32,865,868	32,865,868
Trade payables	At 31 December 2023	–	–	106,813,027	106,813,027

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)****Fair value (continued)**

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 interim condensed 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 as at 31 March 2024 (unaudited)	Fair value as at 31 March 2024 (unaudited)	Unrecognised gain/(loss) as at 31 March 2024 (unaudited)	Carrying amount as at 31 December 2023	Fair value as at 31 December 2023	Unrecognised gain/(loss) as at 31 December 2023
Financial assets						
Cash and cash equivalents	47,521,416	47,521,416	-	70,984,738	70,984,738	-
Other non-current financial assets	6,620,973	6,620,973	-	5,757,350	4,911,010	(846,341)
Financial assets carried at amortised cost	47,752,497	47,752,497	-	45,770,813	45,770,813	-
Other current financial assets	4,724,273	4,724,273	-	5,280,059	5,280,059	-
Trade receivables	50,613,915	50,613,915	-	50,755,814	50,755,814	-
Financial liabilities						
Borrowings	295,983,898	296,789,237	805,339	291,391,598	284,442,023	6,949,575
Other non-current financial liabilities	5,931,035	5,931,035	-	7,339,002	7,339,002	-
Other current financial liabilities	28,382,586	28,382,586	-	32,865,868	32,865,868	-
Trade payables	63,430,486	63,430,486	-	106,813,027	106,813,027	-
Total unrecognised change in unrealised fair value	-	-	805,339			6,103,234

Valuation techniques and assumptions

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

Assets for which fair value approximates carrying value

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

Financial liabilities carried at 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.

30. 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.

The accounting policies and notes on pages 8 to 37 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**30. COMMITMENTS AND CONTINGENCIES (continued)****Events in Ukraine**

The war in Ukraine has had a significant negative impact on the global economic outlook. In response to the offensive, extensive sanctions were imposed against Russia, which largely exclude the country from international financial markets and significantly restrict trade in goods. These sanctions are designed to have a negative economic impact on the Russian Federation. The commercial activities of the Group and, consequently, its results of operations and financial position are not significantly affected by the consequences of the war in Ukraine, since the Group does not operate networks in Russia or Ukraine.

The oil quotes are slightly higher than the baseline scenario, while high oil prices may lead to an increase in the external inflationary background. On 12.04.2024, the Monetary Policy Committee of the National Bank of the Republic of Kazakhstan decided to keep the base rate at 14.75% per annum with a corridor of +/- 1%.

The possible future consequences of the war in Ukraine and the coronavirus pandemic for the assessment of individual assets and liabilities are being analyzed on an ongoing basis. It is not yet possible to assess with certainty how the Group will be indirectly affected, in particular, the impact on the global economy. The overall economic outlook has deteriorated significantly as a result of extensive sanctions and restrictions on trade in goods. Based on the accumulated experience, the Group expects that the war in Ukraine and the coronavirus pandemic will have only a limited impact on business in the future.

Capital commitments

The Group generally enters into contracts for the completion of construction projects and purchase of telecommunication equipment. As at 31 March 2024, the Group had contractual obligations in the total amount of KZT 75,207,134 thousand, including VAT (31 December 2023: KZT 97,649,118 thousand, including VAT) mainly related to purchase of telecommunication equipment and construction of telecommunication network.

License commitments

Under the terms of certain licenses on the provision of wireless telecom services, the Group has certain obligations in terms of 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 licenses.

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 are severe.

Penalties are generally 50-80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 March 2024. Management believes that as at 31 March 2024 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**30. COMMITMENTS AND CONTINGENCIES (continued)****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.

If, based on the results of the audited information, the fact of non-fulfillment 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 authorized body in the field of communications not earlier than one year after the year following the reporting year recalculates the amount of the annual fee for the use of the frequency for the reporting year, which should be proportional to the outstanding amount of financial obligations for the reporting year.

New Technical Regulations

Order No. 85 of the National Security Committee of 27 July 2021 on the approval of the Technical Regulations "General requirements for telecommunications equipment to ensure operational search activities, collection and storage of official information about subscribers" was published on 2 August 2021 and entered into force on 2 August 2022. According to the new regulations, additional requirements are imposed on telecommunications equipment, which include expanding the technical capabilities of equipment for conducting operational search activities, collecting and storing subscriber information.

As of 31 December 2023, the Group integrated new SHC for the total amount of KZT 4.964.100 thousand since 2018. The Group gradually plans the modernization and expansion of licensed and port capacity of SHC in accordance with the cellular development plan including 5G and expects that the expected amount of capital expenditures related to modernization and expansion will be KZT 16.166.884 thousand by 2032.

Antitrust investigation

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

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty (hereinafter referred to as the APDC) No. 42-OD dated 15 June 2022 (hereinafter referred to as the Order), an investigation was initiated against Kcell JSC on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. Initial audited period per was from January 1, 2020 to 12 September 2022. The subject of investigation is the establishment of factual data confirming or refuting the commission of a violation by Kcell JSC, expressed in maintaining a monopoly high price.

During February 2024 the Group participated in the preliminary Court hearings related to its appeal to the Specialized Inter-District Administrative Court of Almaty.

On 18 March 2024, the Specialized Inter-district Administrative Court of Almaty issued a final ruling to return Kcell's administrative claim on the basis of article 138.2.11 of the Administrative Procedure Code, deeming it is not a subject to consideration in the order of administrative proceedings. On 26 March 2024, Kcell appealed the court's ruling. On 06 May 2024, the Board of Appeals of the Almaty court considered the Company's private complaint against the decision of the Specialized Inter-district Administrative Court of Almaty of 11 March 2024 and rules to uphold the contested decision. The Company has the right to file a cassation appeal.

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated December 21, 2023.

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty No.38-OD dated 21 December 2023 an investigation was initiated against Kcell JSC. The subject of investigation is the susception of coordinated actions with competitors to set and maintain prices for communication services during May-July 2023. The Company started the appealing process.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**30. COMMITMENTS AND CONTINGENCIES (continued)**

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated December 21, 2023. (continued)

The Republican antimonopoly office was expected to respond by 6 February 2024. A response has been received denying the complaint. On 15 February 2024, an administrative claim was filed with the Almaty Specialized Inter-District Administrative Court seeking to invalidate and cancel the request. Currently, preparations for the court hearing are underway. The date of the next hearing has not yet been set.

Furthermore, on 6 March 2024, an administrative complaint was filed with the Agency for competition protection and development seeking to invalidate Order No.38-OD of 21 December 2023 illegal and to cancel the investigation. The antimonopoly authority refused to satisfy Kcell's complaint. The Company has filed an administrative claim. The case is being prepared by the court.

Notifications of the Mobile Telecom-Service LLP

During the three months ended 31 March 2024 Mobile Telecom-Service LLP (MTS) sent an official notification to Kcell with request to pay the fine in the connection of non-fulfilment of obligations by Kcell for 2023 under the network sharing agreement. The Group and MTS identified disagreements regarding interpretation of the terms of the fine calculation. Currently the Group is undergoing a pre-trial dispute resolution procedure.

In addition, during the period ended 31 March 2024 MTS notified the Group of a critical failure that occurred in three regions (Aktau, Atyrau, Aktobe) where the Group is responsible for the construction and upgrading of sites. In the Agreement, Critical Failure is defined as a failure to meet the deadlines for the launch of more than 60% of the sites in the region and a failure to eliminate such violation within three months. Should Kcell fail to eliminate the critical failure in the regions of Aktau, Atyrau, and Aktobe by 31 March 2024, then in accordance with the terms of the Agreement, MTS will have the right to withdraw from the Agreement in those regions and obligate Kcell to pay compensation equal to the amount of network construction costs in the region where the violation occurred. On 15 March 2024, Kcell notified MTS that the Critical Failure in the Aktau region had been resolved. On 31 March 2024, Kcell notified MTS that the Critical Failure in the Aktau and Atyrau regions had been resolved, as well.

31. SUBSEQUENT EVENTS

In the period from April 1 to May 10, 2024 inclusive, the Group attracted financing from JSC Halyk Bank of Kazakhstan in the amount of KZT 1,000,000 thousand, for a period of 36 months at 16.75%. Repayment of loans from Halyk Bank of Kazakhstan JSC amounted to a total amount of KZT 19,070,000 thousand at rates of 17.75%-18.50% per annum.

Loan from Nurbank JSC in the amount of KZT 15,000,000 thousand was also repaid for a period of 36 months at a rate of 17.27% per annum. During the same period, the Group attracted financing from Nurbank JSC in the amount of KZT 15,000,000 thousand for a period of 36 months at a rate of 15.52% per annum.

The Group approved a bond program totaling KZT 70,000,000 thousand at the Astana International Exchange (Astana International Exchange JSC). As part of this program, the Group placed the first tranche of bonds with a nominal value of KZT 15,000,000 thousand with a floating interest rate (base rate of the National Bank plus 1%, interest rate at the time of issue of the interim financial statements is 15.75%) for a period of 36 months.

From 14 May to 17 May the Company paid KZT 22,983,047 thousand in dividends with involvement of its paying agent (Central Securities Depository JSC).