



Kazakhtelecom JSC

Interim condensed consolidated
financial statements (unaudited)

30 September 2023

CONTENTS

Interim condensed consolidated financial statements (unaudited)

Interim condensed consolidated statement of financial position.....	1-2
Interim condensed consolidated statement of comprehensive income.....	3-4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows.....	6-7
Notes to the interim condensed consolidated financial statements	8-39

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

<i>In thousands of tenge</i>	Note	30 September 2023 (unaudited)	31 December 2022 (audited)
Assets			
Non-current assets			
Property and equipment	5	589,256,308	501,991,438
Investment properties	5	1,927,420	1,976,652
Right-of-use assets	16	69,126,143	63,294,805
Intangible assets	6	343,371,982	195,141,499
Goodwill	8	152,402,245	152,402,245
Advances paid for non-current assets	5	2,734,347	6,830,659
Cost to obtain contracts		2,697,385	2,781,123
Cost to fulfil contracts		54,989	80,103
Other non-current non-financial assets		7,186,162	6,624,903
Other non-current financial assets	9	3,855,800	6,973,300
Deferred tax assets		254,280	1,470,763
Total non-current assets		1,172,867,061	939,567,490
Current assets			
Inventories		19,617,571	13,857,314
Trade receivables	10	58,505,710	45,305,186
Advances paid		15,861,803	6,206,238
Corporate income tax prepaid		1,199,176	3,944,275
Cost to fulfil contracts		586,436	690,565
Other current non-financial assets		12,260,724	12,070,418
Other current financial assets	11	6,409,646	4,374,070
Financial assets carried at amortised cost		73,541,131	14,832,821
Cash and cash equivalents	13	38,872,233	242,122,154
		226,854,430	343,403,041
Assets held for sale		-	3,763,284
Total current assets		226,854,430	347,166,325
Total assets		1,399,721,491	1,286,733,815

The accounting policies and notes on pages 8 to 39 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

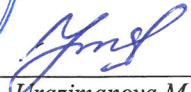
<i>In thousands of tenge</i>	Note	30 September 2023 (unaudited)	31 December 2022 (audited)
Equity			
Share capital	14	12,136,529	12,136,529
Treasury shares	14	(7,065,614)	(7,065,614)
Foreign currency translation reserve	14	1,737	26,183
Other reserves	14	1,820,479	1,820,479
Retained earnings		723,999,971	641,236,831
		730,893,102	648,154,408
Non-controlling interests		90,692,464	82,453,415
Total equity		821,585,566	730,607,823
Non-current liabilities			
Borrowings: non-current portion	15	253,205,288	222,858,631
Lease liabilities: non-current portion	16	33,540,247	28,360,505
Other non-current financial liabilities		6,793,944	414
Employee benefit obligations		14,201,895	16,687,529
Debt component of preferred shares	14	814,868	814,868
Non-current contract liabilities	17	7,224,746	7,554,205
Government grants: non-current portion	21	29,315,973	20,690,473
Asset retirement obligations		10,796,601	6,595,165
Deferred tax liabilities		30,966,937	31,521,131
Total non-current liabilities		386,860,499	335,082,921
Current liabilities			
Borrowings: current portion	15	24,911,973	25,018,246
Lease liabilities: current portion	16	14,394,220	12,465,379
Other current financial liabilities	18	23,223,003	27,616,881
Employee benefit obligations: current portion		1,635,356	1,562,857
Trade payables		62,774,728	104,832,254
Current corporate income tax payable		2,698,653	2,131,847
Current contract liabilities	19	29,347,242	26,742,107
Government grants: current portion	21	6,530,928	6,167,493
Other current non-financial liabilities	20	25,759,323	14,506,007
Total current liabilities		191,275,426	221,043,071
Total liabilities		578,135,925	556,125,992
Total equity and liabilities		1,399,721,491	1,286,733,815

Chief financial officer



 Atamuratova L.V.

Chief accountant


 Urazimanova M.M.

The accounting policies and notes on pages 8 to 39 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three and nine months period ended 30 September 2023

<i>In thousands of tenge</i>	Note	For three months ended 30 September		For nine months ended 30 September	
		2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Revenue from contracts with customers	22	169,739,975	172,158,929	491,899,961	470,574,567
Compensation for provision of universal services in rural areas	23	2,213,481	–	6,420,427	–
Income from government grants	21	2,078,742	1,426,145	6,154,321	4,209,415
		174,032,198	173,585,074	504,474,709	474,783,982
Cost of sales	24	(112,937,278)	(98,875,877)	(317,884,504)	(290,560,059)
Gross profit		61,094,920	74,709,197	186,590,205	184,223,923
General and administrative expenses		(8,355,610)	(9,303,920)	(29,450,598)	(33,032,862)
(Gain from reversal of impairment) / impairment losses on financial assets	31	514,610	(2,151,526)	(4,036,491)	(4,863,950)
Impairment losses on non-financial assets	31	(1,606,162)	(1,721,388)	(1,414,583)	(2,009,711)
Selling expenses	25	(7,544,494)	(4,795,746)	(16,885,994)	(8,887,383)
(Loss)/gain on disposal of property and equipment		(62,863)	48,060	(266,770)	(42,124)
Other operating income	27	2,221,217	1,592,708	4,771,309	3,044,662
Other operating expenses		(1,449,684)	(266,234)	(2,510,720)	(1,051,475)
Operating profit		44,811,934	58,111,151	136,796,358	137,381,080
Share in profits/(loss) of associates	7	–	(15,881)	–	28,291
Finance costs	26	(11,548,039)	(10,856,954)	(31,048,687)	(32,156,946)
Finance income		2,699,204	4,674,296	9,878,333	11,258,200
Net foreign exchange gain/(loss)		3,552,182	1,221,652	(152,252)	8,966,674
Profit before tax		39,515,281	53,134,264	115,473,752	125,477,299
Income tax expenses	28	(8,744,326)	(14,935,015)	(26,183,602)	(36,744,060)
Profit for the period		30,770,955	38,199,249	89,290,150	88,733,239

The accounting policies and notes on pages 8 to 39 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	For three months ended 30 September		For nine months ended 30 September	
		2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Other comprehensive income /(loss)					
<i>Other comprehensive income /(loss) to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Foreign exchange differences from translation of financial statements of foreign subsidiaries		(27,772)	636,263	(24,446)	3,634,838
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		(27,772)	636,263	(24,446)	3,634,838
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Actuarial profit/(loss) on defined benefits plans, net of tax		(563,904)	4,315,217	1,712,039	7,307,558
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		(563,904)	4,315,217	1,712,039	7,307,558
Other comprehensive income/(loss) for the period, net of tax		(591,676)	4,951,480	1,687,593	10,942,396
Total comprehensive income for the period, net of tax		30,179,279	43,150,729	90,977,743	99,675,635
Profit attributable to:					
Equity holders of the Parent		28,771,628	32,043,418	81,051,101	74,404,759
Non-controlling interests		1,999,327	6,155,831	8,239,049	14,328,480
		30,770,955	38,199,249	89,290,150	88,733,239
Total comprehensive income attributable to:					
Equity holders of the Parent		28,179,952	36,994,898	82,738,694	85,347,155
Non-controlling interests		1,999,327	6,155,831	8,239,049	14,328,480
		30,179,279	43,150,729	90,977,743	99,675,635
Earnings per share					
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent					
	14	2,616.50	2,913.80	7,371.17	6,767.22

Chief financial officer



Atamuratova L.V.

Chief accountant

Urazimanova M.M..

The accounting policies and notes on pages 8 to 39 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For nine months period ended 30 September 2023

In thousands of tenge	Attributable to equity holders of the Parent					Total	Non-controlling interests	Total equity
	Shares outstanding	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings			
Note	14	14	14	14				
At 1 January 2022 (audited)	12,136,529	(7,065,614)	(18,338)	1,820,479	569,486,063	576,359,119	67,818,247	644,177,366
Net profit for the period (unaudited)	-	-	-	-	74,404,759	74,404,759	14,328,480	88,733,239
Other comprehensive income (unaudited)	-	-	3,634,838	-	7,307,558	10,942,396	-	10,942,396
Total comprehensive income (unaudited)	-	-	3,634,838	-	81,712,317	85,347,155	14,328,480	99,675,635
At 30 September 2022 (unaudited)	12,136,529	(7,065,614)	3,616,500	1,820,479	651,198,380	661,706,274	82,146,727	743,853,001
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)	-	-	-	-	81,051,101	81,051,101	8,239,049	89,290,150
Other comprehensive income (unaudited)	-	-	(24,446)	-	1,712,039	1,687,593	-	1,687,593
Total comprehensive income (unaudited)	-	-	(24,446)	-	82,763,140	82,738,694	8,239,049	90,977,743
At 30 September 2023 (unaudited)	12,136,529	(7,065,614)	1,737	1,820,479	723,999,971	730,893,102	90,692,464	821,585,566

Chief financial officer



 Atamuratova L.V.

Chief accountant


 Urazimanova M.M..

The accounting policies and notes on pages 8 to 39 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For nine months period ended 30 September 2023**

<i>In thousands of tenge</i>	Note	For nine months period ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Operating activities			
Profit before tax for the period		115,473,752	125,477,299
Adjustment for:			
Depreciation of property and equipment and right of use assets	5, 16	69,592,520	68,304,671
Amortisation of intangible assets	6	28,882,726	21,529,004
Impairment losses on non-financial assets	31	1,414,583	2,009,711
Impairment losses on financial assets	31	4,036,491	4,863,950
Net foreign exchange loss/(gain)		152,252	(8,966,674)
Changes in employee benefit obligations		(140,871)	(6,227,709)
Write-down of inventories to net realizable value		23,456	135,006
Share in profits of associates	7	-	(28,291)
Finance costs	26	31,048,687	32,156,946
Finance income		(9,878,333)	(11,258,200)
Loss on disposal of property and equipment, net		266,770	42,124
Income from government grants		(6,154,321)	(4,209,415)
Income from disposal of associated organizations	7,27	(876,945)	-
Operating cash flows before changes in operating assets and liabilities		233,840,767	223,828,422
Changes in operating assets and liabilities			
Change in trade receivables		(17,158,394)	(21,632,429)
Change in inventories		(6,006,810)	(4,559,947)
Change in other current assets		2,551,274	615,862
Change in advances paid		(9,990,264)	(1,841,198)
Change in trade payables		(19,983,701)	(2,010,261)
Change in cost to obtain contracts and cost to fulfil contracts		212,981	(66,256)
Change in contract liabilities		1,220,820	(2,115,488)
Changes in other current liabilities		33,912,674	17,740,750
Cash flows from operating activities		218,599,347	209,959,455
Income tax paid		(23,272,237)	(19,037,908)
Interest paid		(24,297,034)	(28,536,304)
Interest received		6,942,688	9,904,505
Net cash flows received from operating activities		177,972,764	172,289,748

The accounting policies and notes on pages 8 to 39 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of tenge</i>	Note	For nine months period ended 30 September 2023 (unaudited)	For nine months ended 30 September 2022 (unaudited)
Investing activities			
Purchase of property and equipment		(180,706,546)	(51,162,896)
Purchase of intangible assets		(161,747,530)	(12,549,818)
Purchase of financial assets at amortized cost	12	(140,298,019)	(69,350,275)
Proceeds from repayment of financial assets at amortized cost	12	86,050,654	69,350,275
Repayment of funds under REPO transactions		-	49,999,824
Proceeds from sale of property and equipment		322,450	118,531
Proceeds from sale of intangible assets		306	-
Placement of deposits		(471,232)	(669,440)
Repayment of funds deposits		561,790	6,869,358
Proceeds from the sale of 49% of the shares of an associated organization		4,544,676	-
Repayment of the covered bank guarantee		-	50,614
Issue of long-term loans to employees		(4,206,111)	(170,353)
Repayment of loans to employees		300,069	365,657
Dividends received		50,219	76,855
Net cash flows used in investing activities		(395,599,274)	(7,071,668)
Financing activities			
Borrowings received	15	84,022,782	-
Borrowings repaid	15	(56,523,919)	(27,576,299)
Repayment of principal portion of lease liabilities	16	(8,969,615)	(10,523,955)
Net cash flows (used in) / received from financing activities		18,529,248	(38,100,254)
Effect of exchange rate changes on cash and cash equivalents		(4,161,853)	13,065,821
Effect of changes in expected credit losses	13	9,194	(4,137)
Net change in cash and cash equivalents		(203,249,921)	140,179,510
Cash and cash equivalents, as at 1 January	13	242,122,154	167,109,839
Cash and cash equivalents, as at 30 September	13	38,872,233	307,289,349

Disclosure of significant non-cash transactions is presented in *Note 29*.

Chief financial officer



Atamuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 39 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For nine months period ended 30 September 2023****1. GENERAL INFORMATION**

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

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

The Company is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund “Samruk-Kazyna” JSC (“Samruk-Kazyna” or the “Parent”), which owns a controlling shares in the Company in the amount of 79,2% of the total number of outstanding common shares. Below is a list of the Company’s shareholders as at 30 September 2023:

	At 30 September 2023 (unaudited)	At 31 December 2022
Samruk-Kazyna	79.2%	51.0%
JSC “First Heartland Jusan Bank”	9%	–
Corporate fund “Social Development Fund”	3.4%	3.4%
ADR (The Bank of New York – depositor)	0.6%	9.6%
Committee of State Property and Privatization of the Ministry of finance of the Republic of Kazakhstan	–	28.2%
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.

The interim condensed consolidated financial statements of the Group were authorised for issue by the Chief financial officer and the Chief accountant on behalf of the Management of the Company on 17 November 2023.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine month period ended 30 September 2023 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 2022 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 otherwise indicated.

Going concern

The interim condensed 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.

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

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.

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:

	30 September 2023 (unaudited)	31 December 2022
US dollar	474.47	462.65
Euro	503.51	492.86
Russian rubles	4.88	6.43

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:

		Percentage ownership	
	Country of incorporation	30 September 2023 (unaudited)	31 December 2022
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. SUMMARY OF SIGNIFICANT 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 2022, 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.

Some amendments are applied for the first time in 2023, but have no impact on the interim condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Standards issued but not yet effective**

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after 1 January 2023, and apply to changes in accounting policies and estimates that occur on or after the start of that period. Early application is permitted subject to disclosure of that fact. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**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 and nine months ended 30 September 2023 and 2022.

For the three months ended 30 September 2023 (unaudited):

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communication services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	63,607,468	105,799,070	333,437	–	169,739,975
Inter-segment	11,232,193	7,150,813	474,368	(18,857,374)	–
Total revenue from contracts with customers	74,839,661	112,949,883	807,805	(18,857,374)	169,739,975
Compensation for provision of universal services in rural areas	2,213,481	–	–	–	2,213,481
Income from government grants	374,586	1,704,156	–	–	2,078,742
Total	77,427,728	114,654,039	807,805	(18,857,374)	174,032,198
Financial results					
Depreciation and amortisation	(10,162,876)	(25,992,043)	(12,203)	303,745	(35,863,377)
Finance costs	(4,765,040)	(8,313,728)	–	1,530,729	(11,548,039)
Finance income	2,928,102	1,188,443	24,576	(1,441,917)	2,699,204
Gain from reversal of impairment on non-financial assets/(Loss from impairment)	73,589	(1,571,562)	–	(108,189)	(1,606,162)
Gain from reversal of impairment on financial assets/(Loss from impairment)	1,126,565	(598,069)	(9,560)	(4,326)	514,610
Segment profit/(loss) before tax	15,950,964	23,806,413	39,877	(281,973)	39,515,281

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

For the three months ended 30 September 2022 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	69,641,683	100,688,398	467,289	-	170,797,370
Inter-segment	10,013,484	5,372,097	529,889	(15,915,470)	-
Total revenue from contracts with customers	79,655,167	106,060,495	997,178	(15,915,470)	170,797,370
Income from government grants	232,896	1,193,249	-	-	1,426,145
Total	79,888,063	107,253,744	997,178	(15,915,470)	172,223,515
Financial results					
Depreciation and amortisation	(9,733,905)	(20,729,577)	(9,654)	(771,115)	(29,702,021)
Finance costs	(6,367,941)	(5,116,302)	-	627,289	(10,856,954)
Finance income	2,871,062	2,129,903	20,119	(346,788)	4,674,296
Income from dividends	30,584,727	-	-	(30,584,727)	-
Share in profit/(loss) of associates	-	-	(15,881)	-	(15,881)
Gain from reversal of impairment on non-financial assets/(Loss from impairment)	(176,586)	(1,544,802)	-	-	(1,721,388)
Impairment losses on financial assets	(573,151)	(1,582,117)	(2,202)	5,944	(2,151,526)
Segment profit/(loss)	52,499,846	27,133,315	155,053	(28,015,509)	53,134,264

For the nine months ended 30 September 2023 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communication services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	185,189,497	305,893,032	817,432	-	491,899,961
Inter-segment	32,708,663	17,971,200	1,128,464	(51,808,327)	-
Total revenue from contracts with customers	217,898,160	323,864,232	1,945,896	(51,808,327)	491,899,961
Compensation for provision of universal services in rural areas	6,420,427	-	-	-	6,420,427
Income from government grants	1,058,984	5,095,337	-	-	6,154,321
Total	225,377,571	328,959,569	1,945,896	(51,808,327)	504,474,709
Financial results					
Depreciation and amortisation	(30,003,831)	(69,296,171)	(36,851)	866,872	(98,469,981)
Finance costs	(15,628,724)	(17,930,653)	-	2,510,690	(31,048,687)
Finance income	5,519,856	6,536,981	67,141	(2,245,645)	9,878,333
Gain from reversal of impairment on non-financial assets/(Loss from impairment)	102,401	(1,408,795)	-	(108,189)	(1,414,583)
Gain from reversal of impairment on financial assets/(Loss from impairment)	(1,113,992)	(2,933,567)	(16,938)	28,006	(4,036,491)
Segment profit/(loss) before tax	35,268,977	80,452,733	7,952	(255,910)	115,473,752

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

For the nine months ended 30 September 2022 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	183,353,227	286,208,562	1,012,778	-	470,574,567
Inter-segment	29,626,627	15,175,283	1,332,858	(46,134,768)	-
Total revenue from contracts with customers	212,979,854	301,383,845	2,345,636	(46,134,768)	470,574,567
Income from government grants	698,687	3,510,728	-	-	4,209,415
Total	213,678,541	304,894,573	2,345,636	(46,134,768)	474,783,982
Financial results					
Depreciation and amortisation	(28,984,633)	(62,166,527)	(27,368)	1,344,136	(89,834,392)
Finance costs	(18,182,035)	(15,344,440)	-	1,369,529	(32,156,946)
Finance income	7,633,184	4,692,790	43,851	(1,111,625)	11,258,200
Income from dividends	45,548,416	-	-	(45,548,416)	-
Share in profit/(loss) of associates	-	-	28,291	-	28,291
Gain from reversal of impairment on non-financial assets/(Loss from impairment)	(123,972)	(1,885,739)	-	-	(2,009,711)
Impairment losses on financial assets	(1,245,140)	(3,642,569)	(10,779)	34,538	(4,863,950)
Segment profit/(loss)	90,605,346	79,542,429	465,973	(45,136,449)	125,477,299

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2023 and 31 December 2022, respectively:

<i>In thousands of tenge</i>	Fixed line	Mobile tele-communication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Operating assets					
As at 30 September 2023 (unaudited)	1,224,807,530	961,082,572	2,155,970	(788,324,581)	1,399,721,491
As at 31 December 2022 (audited)	1,231,669,037	800,777,903	2,349,528	(748,062,653)	1,286,733,815
Operating liabilities					
As at 30 September 2023 (unaudited)	264,174,652	375,743,555	2,063,002	(63,845,284)	578,135,925
As at 31 December 2022 (audited)	300,556,012	291,337,564	1,460,707	(37,228,291)	556,125,992

Reconciliation of profit

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Segment profit	72,285,345	81,149,774	115,729,662	170,613,748
Other	(304,983)	(28,015,510)	(255,910)	(45,136,449)
Profit of the Group	71,980,362	53,134,264	115,473,752	125,477,299

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

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Segment operating assets	2,188,046,072	2,034,796,468
Elimination of the Company's investments in subsidiaries	(698,556,930)	(699,527,549)
Elimination of intra-group receivables and payables	(89,767,651)	(48,535,104)
Total assets of the Group	1,399,721,491	1,286,733,815

Reconciliation of liabilities

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Segment operating liabilities	641,981,209	593,354,283
Elimination of intra-group receivables and payables	(63,845,284)	(37,228,291)
Total liabilities of the Group	578,135,925	556,125,992

5. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY

During the three and nine months periods ended 30 September 2023, the Group acquired property and equipment for KZT 70,638,571 thousand and KZT 137,778,089 thousand, respectively (during the three and nine months periods ended 30 September 2022: KZT 12,596,805 thousand and KZT 30,366,977 thousand, respectively).

During the three and nine months periods ended 30 September 2023, the Group disposed property and equipment with net book value of KZT 762,701 thousand and KZT 1,009,949 thousand, respectively (during the three and nine months periods ended 30 September 2022: KZT 69,411 thousand and KZT 164,756 thousand, respectively).

During the three and nine months periods ended 30 September 2023, the Group recognised decrease in changes in estimates in assets retirement obligation for KZT 8,715,390 thousand and KZT 9,103,797 thousand, respectively (during the three and nine months periods ended 30 September 2022: increase for KZT 77,590 thousand and KZT 586,081 thousand, respectively).

During the three and nine months periods ended 30 September 2023, the Group recognized impairment loss for KZT 1,301,485 thousand and KZT 1,281,305 thousand, respectively, which represented the write down of certain assets to the recoverable amount as a result of technological obsolescence and damage (during the three and nine months periods ended 30 September 2022: impairment loss for KZT 1,213,248 thousand and KZT 1,281,115 thousand, respectively).

During nine-month period ended 30 September 2023, a building with carrying amount of KZT 1,927,420 thousand was transferred to investment property, because it was no longer used by the Group and it was decided that the building would be leased to third parties. As of 30 September 2023, the book value of this investment property was KZT 1,927,420 thousand (as at 31 December 2022: KZT 1,976,652 thousand). As of 30 September 2023 and 31 December 2022, the fair value of investment property was KZT 2,700,000 thousand (Level 3).

During the three and nine months periods ended 30 September 2023, the Group recognized depreciation expense amounting to KZT 19,993,719 thousand and KZT 59,345,660 thousand, respectively (during the three and nine months periods ended 30 September 2022: KZT 17,983,345 thousand and KZT 58,317,314 thousand, respectively).

As at 30 September 2023 and 31 December 2022, assets under construction represented by equipment for installation for base transmission stations, mobile switch servers and other telecommunication equipment and services works.

As at 30 September 2023, the gross carrying value of property and equipment which has been fully depreciated and still in use was KZT 507,020,886 thousand (as at 31 December 2022: KZT 478,739,825 thousand).

As at 30 September 2023, advances paid for non-current assets in the amount of KZT 2,734,347 thousand mainly represented by advances paid for installation of base stations, construction and delivery of fixed assets (as at 31 December 2022: KZT 3,308,209 thousand).

During the three and nine months periods ended 30 September 2023, the Group recognize impairment losses on advances paid for non-current assets in the amount of KZT 43,516 thousand and KZT 197,371 thousand on its advances paid for non-current assets (during the three and nine months ended 30 September 2022, impairment losses on advances paid for non-current assets, in the amount of KZT 710,172 thousand and KZT 547,072 thousand, respectively).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**6. INTANGIBLE ASSETS**

During the three and nine months periods ended 30 September 2023, the Group acquired intangible assets in the amount of KZT 6,004,719 thousand and KZT 178,681,068 thousand, respectively (during the three and nine months periods ended 30 September 2022: KZT 4,101,063 thousand and KZT 9,672,150 thousand, respectively).

On December 22-23, 2022, the Group took part in an open electronic auction of radio frequencies for fifth-generation mobile communications (5G). E-commerce was organized by the Ministry of Digital Development, Innovation and Aerospace Industry. The participants competed for the radio frequency ranges 3600-3700 MHz (100 MHz) and 3700-3800 MHz (100 MHz) for 5G technology. The Group paid the starting price of the auction in the amount of KZT 3,522,450 thousand for participation in the auction.

The consortium consisting of Mobile Telecom Service LLP (under the Tele2 and Altel brands) and Kcell JSC (under the Kcell and Activ brands) won the auction, offering the final price in the amount of KZT 156,069,426 thousand. The remainder of the final offer price minus the initial starting price is paid in 2023. During the nine months ended 30 September 2023, the Group made a full payment for 5G frequencies in the amount of KZT 156,069,426 thousand. As of 30 September 2023, the Group reclassified the entire prepayment amount into intangible assets as radio frequencies became available for use.

During the three and nine months ended 30 September 2023, the Group recognized depreciation expenses on intangible assets in the amount of KZT 12,883,048 thousand and KZT 28,882,726 thousand, respectively (during the three and nine months ended 30 September 2022: KZT 7,421,103 thousand and KZT 21,529,851 thousand, respectively).

As of 30 September 2023, the initial cost of fully amortized intangible assets in operation amounted to KZT 67,865,781 thousand (31 December 2022: KZT 69,108,150 thousand).

Licenses and trademarks, software, etc. include intangible assets acquired as a result of a business combination.

7. INVESTMENTS IN ASSOCIATES

On 20 September 2022 the Board of Directors of Kazakhtelecom JSC decided to sell 49% of share of QazCloud LLP through an open two-stage tender.

On 26 December 2022 the results of the tender for realization were announced with the selling price of KZT 4,590,010 thousand. The tender winner was selected. In accordance with the tender terms, the conclusion of sale and purchase agreement can only be made after the approval of Samruk-Kazyna, the Parent of the Group. The Group assesses the sale of QazCloud LLP as highly probable.

Investment in associate of QazCloud LLP was classified as an assets held for sale from 20 September 2022. The Group discontinued the use of the equity method from the date that the investment was classified as held for sale. Instead, the associate is measured at the lower of its carrying amount and fair value less cost to sell. On 3 March 2023 Group of Kazakhtelecom JSC received approval of investment committee of Samruk-Kazyna JSC on the sale of 49% of share in QazCloud LLP to Daneker Sala LLP at a price of KZT 4,590,010 thousand. Kazakhtelecom JSC and Daneker Sala LLP signed a contract for the purchase and sale on 20 March 2023. On 28 March 2023 the Group of Kazakhtelecom JSC received full amount of payment for 49% of share in QazCloud LLP.

During the nine months period ended 30 September 2023, QazCloud LLP announced and paid dividends to the Group in the amount of KZT 50,219 thousand.

Movements in investments in associates for the nine months ended 30 September 2023 and 2022 are as follows:

<i>In thousands of tenge</i>	QazCloud LLP
At 1 January 2022	3,460,120
Share in profit of associates	28,291
Dividends received	(76,855)
At 30 September 2022 (unaudited)	3,411,556
At 1 January 2023	-
Share in profits of associates	-
At 30 September 2023 (unaudited)	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**7. INVESTMENTS IN ASSOCIATES (continued)**

The table below provides a summarized financial information on the Group's investment in QazCloud LLP:

<i>In thousands of tenge</i>	For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)
Revenue from contracts with customers	-	6,485,302
Depreciation and amortization	-	(1,914,929)
Finance income	-	36,969
Finance costs	-	(286,933)
Income tax expense	-	(14,434)
Profit for the period	-	57,737
Total comprehensive income	-	57,737
Share of the Group in profit for the period	-	28,291

8. IMPAIRMENT TESTING**Goodwill**

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 2022.

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

As at 30 September 2023 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.

9. OTHER NON-CURRENT FINANCIAL ASSETS

As at 30 September 2023 and 31 December 2022, other non-current financial assets comprised:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Long-term accounts receivable	1,010,999	4,344,884
Loans to employees	1,970,051	1,731,327
Long-term deposits	628,167	642,726
Other	356,767	364,547
	3,965,984	7,083,484
Less: allowance for expected credit losses	(110,184)	(110,184)
	3,855,800	6,973,300

As at 30 September 2023 and 31 December 2022, all Group's other non-current financial assets were denominated in tenge.

As at 30 September 2023, the long-term accounts receivable represented by special agreements with customers for the purchase of contract phones for KZT 1,010,999 thousand (as at 31 December 2022: KZT 4,344,884 thousand). These long-term accounts receivable were discounted as at market interest rates of 20.1% per annum (2022: 18.1% per annum).

Loans to employees are interest free loans provided for the period from 1 to 15 years. These loans were discounted as at the issue date using market interest rates of 9.6% per annum to 19.1% (2022: from 9.6% per annum to 19.1%).

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

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

During the nine months ended 30 September 2023, the Group placed long-term deposits with Halyk Bank of Kazakhstan JSC in the amount of KZT 422,432 thousand (during the nine months ended 30 September 2022: KZT 669,440 thousand) with maturity date in 2038 and an interest rate of 0.1% per annum (2022: 0.1%), within the framework of the Cooperation Agreement with JSC "Halyk Bank of Kazakhstan" on the terms of funding by the Company by placing deposits under the program of preferential lending to employees of the Company. These bank deposits were discounted as at the issue date using market interest rates of 4.1% and 8% per annum (2022: 4.1% and 8% per annum). As a result, the Group recognized a discount in the amount of KZT 268,375 thousand (during the nine months ended 30 September 2022: KZT 426,610 thousand). At the date of placement, long-term deposits were recognized at its fair value equal to KZT 154,057 thousand. During the nine months ended 30 September 2023, the Group recognized depreciation of the discount in the amount of KZT 393,175 thousand (during the nine months ended 30 September 2022: KZT 372,274 thousand).

During the nine months ended 30 September 2023, the Group made withdrawals in the amount of KZT 561,790 thousand tenge (during the nine months ended 30 September 2022: made withdrawals in the amount of KZT 921,972 thousand).

10. TRADE RECEIVABLES

As at 30 September 2023 and 31 December 2022, trade receivables comprised:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Trade receivables	75,148,929	58,301,294
	75,148,929	58,301,294
Less: allowance for expected credit losses	(16,643,219)	(12,996,108)
	58,505,710	45,305,186

Movements in the allowance for expected credit losses were as follows for the three and nine months periods ended 30 September:

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Allowance for expected credit losses at the beginning of the period	(17,330,738)	(8,587,887)	(12,996,108)	(6,252,535)
(Accrual)/ Reversal for the period (<i>Note 31</i>)	533,044	(2,123,130)	(3,970,913)	(4,792,155)
Write-off for the period	154,475	209,462	323,802	543,135
Allowance for expected credit losses at the end of the period	(16,643,219)	(10,501,555)	(16,643,219)	(10,501,555)

11. OTHER CURRENT FINANCIAL ASSETS

As at 30 September 2023 and 31 December 2022, other current financial assets comprised:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Bank deposits	3,450,101	3,399,500
Loans to employees	1,645,280	1,235,750
Restricted cash	912,769	912,769
Due from employees	318,503	375,093
Other accounts receivable	5,350,137	3,643,862
	11,676,790	9,566,974
Less: allowance for expected credit losses	(5,267,144)	(5,192,904)
	6,409,646	4,374,070

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

As at 30 September 2023 and 31 December 2022, the allowance for expected credit losses includes a provision in the amount of KZT 3,399,500 thousand accrued on a deposit placed in Eximbank Kazakhstan JSC due to the liquidation of the bank.

As at 30 June 2023 the Group placed bank deposits with initial maturity of more than 3 (three) months but less than 12 (twelve) months in Russian ruble in Sberbank of Russia PJSC at the interest rate of 5.8% for KZT 50,601 thousand.

Restricted cash represents cash on the accounts with KazInvestBank JSC and Eximbank Kazakhstan JSC for KZT 413,315 thousand and KZT 499,454 thousand, respectively, which are assessed as unlikely to be recovered due to the revocation of banking licenses. Allowance for expected credit loss was recorded for the whole amount of this cash.

Movements in the allowance for expected credit losses were as follows for the three and nine months periods ended 30 September:

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Allowance for expected credit losses at the beginning of the period	(5,245,523)	(5,091,432)	(5,192,904)	(5,056,469)
Charge for the period (Note 31)	(21,621)	(25,926)	(74,772)	(67,658)
Write-off for the period	-	61	532	6,830
Allowance for expected credit losses at the end of the period	(5,267,144)	(5,117,297)	(5,267,144)	(5,117,297)

12. FINANCIAL ASSETS CARRIED AT AMORTISED COST

During the nine months period ended 30 September 2023, the Group acquired short-term discount notes of National Bank of the Republic of Kazakhstan ("NBRK") and discount international bonds of the US Treasury Department (US Treasury bills) at purchase price KZT 34,544,740 thousand and KZT 105,753,279 thousand, respectively. During the nine months period ended 30 September 2023, short-term discount notes with nominal value in the amount of KZT 49,357,750 thousand with an interest income in the amount of KZT 667,758 thousand, discount international bonds with nominal value in the amount of KZT 36,692,904 thousand with an interest income in the amount of KZT 693,649 thousand were repaid.

As at 30 September 2023 and 31 December 2022, financial assets carried at amortised cost are:

<i>In thousands of tenge</i>	Maturity date	Yield to maturity	Nominal value	30 September 2023 (unaudited)	31 December 2022
US Treasury bills	5 October 2023	5.38%	23,963,582	23,723,204	-
US Treasury bills	19 October 2023	5.36%	23,851,132	23,722,558	-
US Treasury bills	2 November 2023	5.36%	14,339,907	14,233,356	-
US Treasury bills	2 November 2023	5.41%	12,031,610	11,862,013	-
Notes of the NBK	25 January 2023	16.46%	15,000,000	-	14,832,821
			89,186,231	73,541,131	14,832,821

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 30 September 2023 and 31 December 2022, cash and cash equivalents comprised:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Cash on current bank accounts	3,290,713	146,451,791
Deposits with less than 90 days' maturity from the date of opening	35,574,122	95,672,493
Cash on hand	8,850	8,516
	38,873,685	242,132,800
Less: allowance for expected credit losses	(1,452)	(10,646)
	38,872,233	242,122,154

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

As at 30 September 2023 interest is accrued on funds placed on current bank accounts at interest rates from 0.1 to 7.25% per annum (as at 30 September 2022: from 0.1 to 7.25% per annum). As at 30 September 2023, cash on current bank accounts included an amount of KZT 27,231,989 thousand placed on overnight deposits with interest rates up to 16%.

Short-term bank deposits opened for a period from one day to three months, depending on the Group's current cash needs, as of 30 September 2023 amounted to KZT 8,342,133 thousand with a rate of up to 16.80%.

Movements in the allowance for expected credit losses were as follows for the three and nine months periods ended 30 September:

	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<i>In thousands of tenge</i>				
Allowance for expected credit losses at the beginning of the period	(4,639)	(9,909)	(10,646)	(8,242)
(Accrued) / Reversal for the period (Note 31)	3,187	(2,470)	9,194	(4,137)
Allowance for expected credit losses at the end of the period	(1,452)	(12,379)	(1,452)	(12,379)

As at 30 September 2023 and 31 December 2022, cash and cash equivalents were denominated in the following currencies:

	30 September 2023 (unaudited)	31 December 2022
<i>In thousands of tenge</i>		
Tenge	23,144,658	90,509,732
US dollars	15,203,151	149,734,206
Euro	425,749	1,343,271
Russian roubles	57,709	422,368
Other	40,966	112,577
	38,872,233	242,122,154

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 2021	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 31 December 2022	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 30 September 2023 (unaudited)	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****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 2021 (audited)	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury 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 30 September 2023 (unaudited)	216,852	914,868	3,052,617	4,012,997	7,065,614

Shares issued less reacquired shares

As at 30 September 2023 and 31 December 2022, number of common and preferred shares issued net of treasury shares was 10,706,024 and 298,785 shares, respectively.

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 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 30 September 2023 in the amount of KZT 814,868 thousand (31 December 2022: 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 interim condensed consolidated statement of financial position. Dividends in the amount of KZT 67,227 thousand were accrued as at 30 September 2023 (at 30 September 2022: KZT 67,227 thousand) and are recorded as interest expenses in the interim condensed consolidated statement of comprehensive income (*Note 26*).

Movements in dividends payable for the nine months ended 30 September were as follow:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	30 September 2022 (unaudited)
Dividends payable at the beginning of the period	17,573	17,573
Interest on debt component of preferred shares (<i>Note 26</i>)	67,227	67,227
Dividends payable at the end of the period (<i>Note 18</i>)	84,800	84,800

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 30 September 2023 and at 31 December 2022.

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*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**14. EQUITY (continued)****Earnings per share**

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

	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<i>In thousands of tenge</i>				
Net profit	28,771,628	32,043,418	81,051,101	74,404,759
Interest on preferred shares (Note 26)	22,409	22,409	67,227	67,227
Net profit for calculating of basic and diluted earnings per share	28,794,037	32,065,827	81,118,328	74,471,986
Weighted average number of common and preferred shares for calculation of basic earnings per share	11,004,809	11,004,809	11,004,809	11,004,809
Basic and diluted earnings per share, tenge	2,616.50	2,913.80	7,371.17	6,767.22

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:

	30 September 2023 (unaudited)	31 December 2022
<i>In thousands of tenge</i>		
Total assets	1,399,721,491	1,286,733,815
Less: intangible assets, including goodwill	495,774,227	347,543,744
Less: total liabilities	578,135,925	556,125,992
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	325,512,554	382,765,294
Number of ordinary shares	10,706,024	10,706,024
Cost of ordinary share, calculated in accordance with listing requirements of KASE (in tenge)	30,405	35,752

Another requirement for disclosure is the amount of the dividends payable to owners of preferred non-voting shares, preferred non-voting shares in the equity and debt component of preferred non-voting shares, divided by 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 30 September 2023, this indicator amounted to **3,727** tenge (as at 31 December 2022: 3,727 tenge).

15. BORROWINGS

As at 30 September 2023 and 31 December 2022, borrowings comprised:

	Weighted average effective interest rate	30 September 2023 (unaudited)	Weighted average effective interest rate	31 December 2022
<i>In thousands of tenge</i>				
Bonds with a fixed interest rate of 7.12% to 18.75% per annum	13,99%	154,166,911	10,99%	125,061,369
Borrowings with a fixed interest rate of 11.84% to 11.86% per annum	11,86%	123,950,350	11,86%	122,815,508
		278,117,261		247,876,877

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

Borrowings are repayable as follows:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Current portion of borrowings	24,911,973	33,544,325
Maturity between 1 and 2 years	56,932,287	24,453,132
Maturity between 2 and 5 years	186,720,367	239,849,225
Maturity over 5 years	9,552,634	17,944,626
Total non-current portion of borrowings	253,205,288	282,246,983
Total borrowings	278,117,261	315,791,308

As at 30 September 2023 and 31 December 2022, loans represented by the following:

Borrowings	Maturity date	Currency	Effective interest rate	2023	2022
Halyk Bank of Kazakhstan JSC	21 May 2027	Tenge	12.20%	39,594,581	47,508,167
Halyk Bank of Kazakhstan JSC	8 September 2026	Tenge	18.50%	31,710,854	-
Halyk Bank of Kazakhstan JSC	30 June 2026	Tenge	18.75%	21,157,000	-
Development Bank of Kazakhstan JSC (<i>Note 30</i>)	30 June 2032	Tenge	7.95%-8.41%	20,757,702	21,470,046
Nurbank JSC	8 September 2026	Tenge	17.27%	15,000,000	-
Bank of China Kazakhstan JSC	23 February 2026	Tenge	10.70%	13,048,869	-
Development Bank of Kazakhstan JSC (<i>Note 30</i>)	19 December 2024	Tenge	7.12%-9.30%	6,193,543	8,839,409
Halyk Bank of Kazakhstan JSC	1 September 2026	Tenge	18.50%	4,141,255	-
Bank of China Kazakhstan JSC	2 June 2024	Tenge	10.70%	2,032,492	2,033,153
First Heartland Jusan Bank JSC	10 November 2024	Tenge	11.00%	530,615	40,209,056
VTB Bank JSC	15 October 2023	Tenge	11.90%	-	5,001,538
Total				154,166,911	125,061,369

As at 30 September 2023 and 31 December 2022 the Group's borrowings have fixed interest rates and presented in tenge.

Halyk Bank of Kazakhstan JSC (with maturity date – 21 May 2027)

During nine months period ended 30 September 2023, the Group made repayment of principal amount for KZT 7,821,144 thousand and interest amount for KZT 3,942,509 thousand under the credit line agreements concluded with the Halyk Bank JSC with the maturity in 21 May 2027 (during nine months period ended 30 September 2022: KZT 7,821,144 thousand and KZT 4,848,603 thousand, respectively).

Development Bank of Kazakhstan JSC (with maturity date – 30 June 2032)

During nine months period ended 30 September 2023, the Group made repayment of principal amount for KZT 1,066,666 thousand and interest amount for KZT 778,690 thousand under the credit line agreements concluded with the Development Bank of Kazakhstan JSC with the maturity in June 2032 (during nine months period ended 30 September 2022: KZT 1,066,666 thousand and KZT 856,559 thousand, respectively).

Bank of China Kazakhstan JSC (with maturity date – 2 June 2024 and 23 February 2026)

During 2019 and 2020, the Group obtained loan in the amount of KZT 5,000,000 thousand and KZT 6,000,000 thousand, respectively, within credit line agreement with Bank of China Kazakhstan JSC with a repayment period of 36 months and a fixed interest rate of 10.5% per annum. On 14 October 2020 the Group has signed addendum to loan agreement with Bank of China to decrease interest rate from 10.5% to 10.3% per annum under credit line agreement. The change in the interest rate does not represent a substantial modification as in accordance with IFRS 9 and thus, it did not lead to the derecognition of the original liability.

On 2 June 2021 the Group obtained additional tranche in the amount of KZT 2,000,000 thousand from Bank of China JSC within the same credit line agreement.

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

Bank of China Kazakhstan JSC (with maturity date – 2 June 2024 and 23 February 2026)(continued)

On 2 June 2021 the Group obtained additional tranche in the amount of KZT 2,000,000 thousand from Bank of China JSC within the same credit line agreement.

In June 2023 the Group obtained additional tranche in the amount of KZT 13,000,000 thousand from Bank of China JSC within the same credit line agreement.

During nine months period ended 30 September 2023, the Group made interest repayment for KZT 729,872 thousand (during nine months period ended 30 September 2022: repayment of principal amount for KZT 11,000,000 thousand and interest repayment for KZT 974,781 thousand).

Development Bank of Kazakhstan JSC (with maturity date – 19 December 2024)

During nine months period ended 30 September 2023, the Group made repayment of principal amount for KZT 2,636,109 thousand and interest amount for KZT 444,112 thousand under the credit line agreements concluded with the Development Bank of Kazakhstan JSC with the maturity in December 2024 (during nine months period ended 30 September 2022: KZT 5,688,489 thousand and KZT 800,157 thousand, respectively).

First Heartland Jusan Bank JSC (with maturity date – 10 November 2024)

On 10 November 2021, the Group's subsidiary, Kcell JSC, and First Heartland Jusan Bank JSC signed a credit line agreement in the amount of KZT 60,500,000 thousand. On 11 November 2021 two tranches were received from First Heartland Jusan Bank JSC in the amount of KZT 22,000,000 thousand and KZT 12,000,000 thousand with an interest rate of 11% per annum and 10.7% per annum, respectively. Additionally, on 25 November 2021, third tranche was received from First Heartland Jusan Bank JSC in the amount of KZT 6,500,000 thousand with an interest rate of 11% per annum, with a maturity until 10 November 2024. At the date of initial recognition, the loan was recognized at fair value based on expected cash outflows at a market rate observable for similar instruments of 12.9% at the time the loan was issued. On initial recognition of all six tranches total discount in the amount of KZT 1,260,102 thousand was recognised within equity in 'Non-controlling interest' part.

On 2 August 2023, the Group received a notification from First Heartland Jusan Bank JSC demanding full fulfillment of obligations under the loan agreement by 25 August 2023 due to the fact that the Group became an affiliated party of First Heartland Jusan Bank JSC.

During nine months period ended 30 September 2023, the Group made repayment of principal amount for KZT 40,000,000 thousand and interest amount for KZT 3,647,773 thousand under the credit line agreements concluded with the First Heartland Jusan Bank JSC with the maturity in 10 November 2024 (during nine months period ended 30 September 2022: KZT 3,374,550 thousand).

Halyk Bank of Kazakhstan JSC (with maturity date – 30 June and 8 September 2026)

30 June and 8 September 2023 the Group obtained loan of KZT 21,157,000 thousand and KZT 30,750,000 thousand, respectively, within credit line agreement with Halyk Bank JSC with a repayment period of 36 months and a fixed interest rate of 18.75% and 18.50% per annum, respectively. During nine months period ended 30 September 2023, the Group made interest repayment for KZT 95,833 thousand.

Nurbank JSC (with maturity date – 8 September 2026)

8 September 2023 the Group obtained loan of KZT 15,000,000 thousand, with a repayment period of 36 months and a fixed interest rate of 17.27% per annum.

Halyk Bank of Kazakhstan JSC (with maturity date – 1 September 2026)

15 and 19 September 2023 the Group obtained loan of KZT 4,115,782 thousand, within credit line agreement with Halyk Bank JSC with a repayment period of 36 months and a fixed interest rate of 18.50% per annum.

VTB Bank JSC (with maturity date – 15 October 2023)

On 28 October 2020 the Group obtained loan in the amount of KZT 6,000,000 thousand within the credit line agreement with VTB Bank JSC with maturity till October 2023 at interest rate 10.7% per annum. On 31 December 2021 the Group signed an additional agreement with VTB Bank JSC to increase the amount of the credit line from KZT 6,000,000 thousand to KZT 7,000,000 thousand, and obtained KZT 1,000,000 thousand with a maturity until 15 October 2023 and an interest rate of 10.7% per annum. During nine months period ended 30 September 2023, the Group fully repaid of principal amount for KZT 5,000,000 thousand and interest amount for KZT 233,055 thousand (during nine months period ended 30 September 2022: KZT 2,000,000 thousand and KZT 127,227 thousand, respectively).

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

As of 30 September 2023 and 31 December 2022, debt securities issued represented by the following:

Bonds	Maturity date	Currency	Effective interest rate	2023	2022
Local bonds of Kazakhtelecom JSC (KZTKb4)	19 June 2026	Tenge	11.86%	82,557,433	80,243,841
Local bonds of Kazakhtelecom JSC (KTCB.1024) (Note 30)	1 November 2024	Tenge	11.84%	41,392,917	42,571,667
				123,950,350	122,815,508

Local bonds of Kazakhtelecom JSC (KZTKb4)

On 19 June 2019, the Group placed bonds on the Kazakhstan Stock Exchange JSC 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 nine months period ended 30 September 2023, the Group repaid interest for KZT 4,600,000 thousand (during nine months period ended 30 September 2022: interest repayment for KZT 4,600,000 thousand).

Local bonds of Kazakhtelecom JSC (KTCB.1024)

On 6 November and 12 December 2018, the Group made a listing of coupon 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. Bonds on these issues were purchased by the Parent company.

In accordance with the terms of the bonds sale agreements concluded with the Parent, the Group is obliged to provide collateral represented by shares of Kcell JSC sufficient to cover the total amount of the agreements before 31 December 2019 or the primary/secondary public offering of shares of Kazakhtelecom JSC on the stock market, depending on what comes last. On 18 August 2020, 150 million shares or 75% of shares of Kcell JSC were pledged to the Parent as a collateral for the bonds of the Group.

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

During nine months period ended 30 September 2023, the Group has repaid interest for KZT 4,715,000 thousand (during nine months period ended 30 September 2022: interest repayment for KZT 8,625,001 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 30 September 2023 and 31 December 2022, 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	Equipment	Total
Cost			
At 1 January 2022	65,534,951	42,848,491	108,383,442
Additions	3,832,708	–	3,832,708
Modifications	493,612	–	493,612
Cancellation	(103,446)	–	(103,446)
Recognition of right-of-use assets as a result of a leaseback transaction	2,954	–	2,954
At 30 September 2022	69,760,779	42,848,491	112,609,270
At 1 January 2023	68,536,247	45,095,682	113,631,929
Additions	2,887,829	11,671,371	14,559,200
Modifications	1,563,948	316,430	1,880,378
Disposals	(361,380)	–	(361,380)
At 30 September 2023	72,626,644	57,083,483	129,710,127
Accumulated depreciation			
At 1 January 2022	26,916,142	10,618,234	37,534,376
Depreciation charge	1,514,136	8,493,289	10,007,425
At 30 September 2022	28,430,278	19,111,523	47,541,801
At 1 January 2023	31,225,601	19,111,523	50,337,124
Depreciation charge	6,958,069	3,288,791	10,246,860
At 30 September 2023	38,183,670	22,400,314	60,583,984
Net book value			
At 31 December 2022	37,310,646	25,984,159	63,294,805
At 30 September 2023	34,442,974	34,683,169	69,126,143

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

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	30 September 2022 (unaudited)
At the beginning of the period	40,825,884	49,151,576
Additions	14,559,200	3,835,888
Modifications	1,800,378	493,612
Disposals	(361,380)	(103,446)
Interest expenses (Note 26)	5,110,189	4,329,426
Payment of interest part	(5,110,189)	(4,329,426)
Payment of principal part	(8,969,615)	(10,523,955)
At the end of the period	47,934,467	42,853,675

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

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Non-current portion of liabilities	33,540,247	28,360,505
Current portion of lease liabilities	14,394,220	12,465,379

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>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Depreciation expense of right-of-use assets	2,987,865	3,317,525	10,246,860	10,007,425
Interest expense on lease liabilities	1,999,635	1,372,293	5,110,189	4,329,426
Expense relating to short-term leases (included in cost of sales) (Note 24)	29,416	409,481	1,045,248	732,034
Expense relating to short-term leases (included in general and administrative expenses)	73,602	51,332	185,417	106,676
	5,090,518	5,150,631	16,587,714	15,175,561

During nine months period ended 30 September 2023, the Group had total cash outflows (principal and interest amount) for leases of KZT 15,310,469 thousand, including cash outflow of KZT 1,230,665 thousand related to leases of low-value assets and short-term leases (during nine months period ended 30 September 2022: KZT 15,419,073 thousand and KZT 565,692 thousand, respectively). During nine months period ended 30 September 2023, the Group also had non-cash additions to right-of-use assets and lease liabilities of KZT 14,559,200 thousand (during nine months period ended 30 September 2022: KZT 3,835,662 thousand).

17. NON-CURRENT CONTRACT LIABILITIES

As at 30 September 2023 and 31 December 2022, non-current contract liabilities comprised:

<i>In thousands of tenge</i>	30 September	31 December
	2023 (unaudited)	
Contract liabilities from operators	3,519,873	4,047,586
Contract liabilities for connection of subscribers	375,728	426,653
Other contract liabilities	3,329,145	3,079,966
	7,224,746	7,554,205

18. OTHER CURRENT FINANCIAL LIABILITIES

As at 30 September 2023 and 31 December 2022, other current financial liabilities comprised:

<i>In thousands of tenge</i>	30 September	31 December
	2023 (unaudited)	
Payable to employees	19,705,209	24,352,049
Dividends payable (Note 14)	84,800	17,573
Other	3,432,994	3,247,259
	23,223,003	27,616,881

As at 30 September 2023 and 31 December 2022, other current financial liabilities were not interest bearing and the balances were mainly denominated in tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**19. CURRENT CONTRACT LIABILITIES**

As at 30 September 2023 and 31 December 2022, current contract liabilities comprised:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Advances received	27,324,581	24,597,725
Contract liabilities from operators	1,590,401	1,678,156
Contract liabilities for connection of subscribers	235,446	261,527
Other contract liabilities	91,840	85,025
Other	104,974	119,674
	29,347,242	26,742,107

Advances received represents the prepayment for the services of the Group like telecommunications services, internet services, IP-TV by customers. The customers can be divided to three major groups: individuals, private firms and legal firms under government sector.

20. OTHER CURRENT NON-FINANCIAL LIABILITIES

As at 30 September 2023 and 31 December 2022, other current non-financial liabilities comprised:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Provisions		
Asset retirement obligations	9,077,096	2,947,595
Tax provisions	2,134,210	1,910,312
Legal claims on contractual obligation and penalties	1,380,753	3,684,675
	12,592,059	8,542,582
Other non-financial liabilities		
Taxes payable other than income tax	11,755,794	4,249,869
Payable to pension funds	835,327	1,009,829
Other	576,143	703,727
	13,167,264	5,963,425
	25,759,323	14,506,007

21. GOVERNMENT GRANTS

As at 30 September 2023 and 2022, government grants comprised:

<i>In thousands of tenge</i>	For three months ended 30 September		For six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Government grants at the beginning of the period	32,837,460	23,603,817	26,857,966	18,798,488
Received during the period	5,088,183	4,156,655	15,143,256	11,745,254
Released to the consolidated statement of comprehensive income	(2,078,742)	(1,426,145)	(6,154,321)	(4,209,415)
Government grants at the end of the period	35,846,901	26,334,327	35,846,901	26,334,327

Set out below are the carrying amounts of non-current and current government grants:

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Current portion	6,530,928	6,167,493
Non-current portion	29,315,973	20,690,473

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**21. GOVERNMENT GRANTS (continued)**

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 nine months period ended 30 September 2023 in the amount of KZT 15,143,256 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 30 September 2023 the balance of government grants was equal to KZT 35,846,901 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 6,154,321 thousand.

As at 30 September 2023 there are no unfulfilled conditions or contingencies attached to these grants.

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers for the three and nine months ended 30 September comprised:

<i>In thousands of tenge</i>	For the three months ended 30 September 2023			Total
	Fixed line	Mobile connection	Other	
Data transfer services	42,534,613	49,233,980	9,011	91,777,605
Rendering of fixed line and wireless phone services	12,109,492	34,076,224	–	46,185,716
Sale of equipment and mobile devices	903	4,871,181	–	4,872,084
Interconnect	2,472,137	2,199,362	–	4,671,499
Rent of channels	696,398	–	–	696,398
Other	19,765,548	891,667	879,458	21,536,673
	77,579,092	91,272,413	888,470	169,739,975
Services transferred over time	77,578,189	86,401,232	888,470	164,867,891
Goods transferred at a point of time	903	4,871,181	–	4,872,084
	77,579,092	91,272,413	888,470	169,739,975
B2C*	35,861,421	70,549,271	744,902	107,155,594
B2B**	20,313,687	13,362,443	143,568	33,819,697
B2O***	5,438,795	7,280,366	–	12,719,161
B2C****	15,965,190	80,334	–	16,045,523
	77,579,092	91,272,413	888,470	169,739,975

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

<i>In thousands of tenge</i>	For the three months ended 30 September 2022			
	Fixed line	Mobile connection	Other	Total
Data transfer services	39,256,353	41,947,886	6,447	81,210,686
Rendering of fixed line and wireless phone services	11,951,227	30,478,780	–	42,430,007
Sale of equipment and mobile devices	3,062	11,888,131	–	11,891,193
Interconnect	5,337,922	3,354,599	–	8,692,521
Rent of channels	697,539	–	–	697,539
Other	24,407,498	2,361,290	468,195	27,236,983
	81,653,601	90,030,686	474,642	172,158,929
Services transferred over time	81,650,539	78,142,555	474,642	160,267,736
Goods transferred at a point of time	3,062	11,888,131	–	11,891,193
	81,653,601	90,030,686	474,642	172,158,929
B2C*	39,545,507	78,618,048	449,213	118,612,768
B2B**	24,447,439	1,095,947	25,429	25,568,815
B2O***	4,658,005	7,681,035	–	13,339,040
B2G****	13,002,650	2,635,656	–	15,638,306
	81,653,601	90,030,686	474,642	172,158,929

<i>In thousands of tenge</i>	For the nine months ended 30 September 2023			
	Fixed line	Mobile connection	Other	Total
Data transfer services	117,774,002	148,493,826	13,442	266,281,271
Rendering of fixed line and wireless phone services	29,741,481	101,974,569	–	131,716,050
Sale of equipment and mobile devices	4,119	22,229,115	–	22,233,234
Interconnect	7,145,759	5,831,887	–	12,977,646
Rent of channels	2,069,327	–	–	2,069,327
Other	46,797,966	8,623,968	1,200,500	56,622,433
	203,532,655	287,153,364	1,213,942	491,899,961
Services transferred over time	203,528,536	264,924,249	1,213,942	469,666,727
Goods transferred at a point of time	4,119	22,229,115	–	22,233,234
	203,532,655	287,153,364	1,213,942	491,899,961
B2C*	103,925,029	232,151,826	1,009,464	337,086,319
B2B**	37,579,698	33,670,511	204,478	71,454,686
B2O***	15,761,419	21,098,223	–	36,859,642
B2G****	46,266,510	232,805	–	46,499,314
	203,532,655	287,153,364	1,213,942	491,899,961

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

<i>In thousands of tenge</i>	For the nine months ended 30 September 2022			Total
	Fixed line	Mobile connection	Other	
Data transfer services	100,820,687	127,974,511	11,507	228,806,706
Rendering of fixed line and wireless phone services	27,409,340	94,439,152	–	121,848,492
Sale of equipment and mobile devices	6,628	35,767,607	–	35,774,235
Interconnect	13,642,236	11,133,873	–	24,776,109
Rent of channels	2,160,699	–	–	2,160,699
Other	50,277,119	5,931,635	999,573	57,208,327
	194,316,709	275,246,778	1,011,080	470,574,567
Services transferred over time	194,310,081	239,479,171	1,011,080	434,800,332
Goods transferred at a point of time	6,628	35,767,607	–	35,774,235
	194,316,709	275,246,778	1,011,080	470,574,567
B2C*	97,029,704	230,753,541	942,487	328,725,732
B2B**	42,979,687	20,869,004	68,593	63,917,284
B2O***	14,715,665	19,698,377	–	34,414,042
B2G****	39,591,653	3,925,856	–	43,517,509
	194,316,709	275,246,778	1,011,080	470,574,567

* *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.*

23. COMPENSATION FOR PROVISION OF UNIVERSAL SERVICES IN RURAL AREAS

In 2017, the regulatory documents on subsidy were amended. In particular, under the Resolution of the Government of the Republic of Kazakhstan No. 238 dated 2 May 2017, new tender rules for the identification of universal services operators were approved, including the calculation of the subsidy rates and the procedure for the authorised body to assign the obligation to provide universal services to telecom operators, requirements for telecoms operators to provide universal communications services, a list of universal communications services and the recognition of certain decisions which have lost their force, of the Government of the Republic of Kazakhstan.

The tender for the identification of universal services operator was conducted in September 2022 and based on the results of the tender Kazakhtelecom JSC was selected as the universal services operator. As at 30 June 2023 there were no unfulfilled conditions or contingencies attached to these subsidies.

During the three and six months periods ended 30 September 2023, compensation received in the amount of KZT 2,213,481 thousand and KZT 6,420,427 thousand, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**24. COST OF SALES**

Cost of sales for the three and nine months periods ended 30 September comprised:

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Depreciation and amortization	36,612,502	27,959,892	96,207,180	85,579,569
Personnel costs	28,322,585	24,410,158	84,635,802	74,849,718
Cost of SIM-card, scratch card and handsets	4,887,379	11,022,018	21,128,241	31,620,466
Interconnect	7,793,363	7,873,617	20,862,286	22,838,990
Fees for radiofrequencies use	7,292,950	4,892,344	20,050,474	13,936,008
Repair and maintenance	7,400,850	4,911,485	18,461,110	13,831,441
Electricity	3,817,467	2,727,411	10,154,903	8,636,582
Rent of channels	2,687,261	2,280,145	8,247,038	6,626,570
Fee to provide telecom services	2,186,839	2,276,134	6,433,942	6,678,289
Inventories	1,771,819	1,438,833	4,340,008	3,520,689
Content	1,485,469	1,394,804	4,209,502	4,089,926
Security and safety	809,057	664,537	2,328,128	1,911,249
Utilities	591,902	119,832	2,006,215	871,474
Business trip expenses	535,303	496,654	1,647,093	1,196,563
Short-term leases and leases of low-value assets (Note 16)	29,416	409,481	1,045,248	732,034
Network sharing agreement	33,236	-	899,457	-
Insurance	269,082	234,007	660,713	793,755
Satellite communication services	198,604	198,903	596,975	596,585
Other	6,212,194	5,565,622	13,970,189	12,250,151
	112,937,278	98,875,877	317,884,504	290,560,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**25. SELLING EXPENSES**

Selling expenses for the three and six months periods ended 30 September comprised:

<i>In thousands of tenge</i>	For three months ended 30 September		For six months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Marketing and advertising	4,649,126	2,560,817	11,128,918	4,329,373
Amortization of cost to obtain a contract	1,142,054	1,051,581	3,115,465	2,818,262
Other	1,753,314	1,183,348	2,641,611	1,739,748
	7,544,494	4,795,746	16,885,994	8,887,383

26. FINANCE COSTS

Finance costs for the three and nine months periods ended 30 September comprised:

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Finance costs				
Interest expense on loans	8,443,409	8,147,308	21,928,366	25,111,831
Interest expense on lease liabilities (<i>Note 16</i>)	1,999,635	1,372,293	5,110,189	4,329,426
Discounting of long-term loans to employees	416,541	(2,546)	2,526,934	8,972
Unwinding of discount (provision for asset retirement obligations)	746,483	251,292	1,227,140	614,073
Discounting of other non-current financial assets	62,011	22,695	282,802	452,941
Interest on debt component of preferred shares (<i>Note 14</i>)	22,409	22,409	67,227	67,227
Unwinding of discount (accounting payables)	–	133,899	–	172,611
Other costs	127,237	909,604	(93,971)	1,399,865
	11,563,251	10,856,954	31,048,687	32,156,946

27. OTHER OPERATING INCOME

Other operating income for the three and nine months periods ended 30 September comprised:

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Rental income	708,606	719,928	1,571,054	1,224,059
Proceeds from the sale of 49% of the shares of an associated organization (<i>Note 7</i>)	–	–	876,945	–
Fines and penalties	29,694	16,682	269,676	66,329
Income from liabilities write-off	104,716	171,143	184,998	223,784
Non-core operations	109,182	98,774	109,182	98,774
Other	1,269,019	586,181	1,759,454	1,431,716
	2,221,217	1,592,708	4,771,309	3,044,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. INCOME TAX EXPENSES**

Income tax expense for the three and nine months periods ended 30 September comprised the following:

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Current income tax expenses	6,399,746	19,853,040	25,618,742	40,941,423
Deferred income tax benefit	2,344,580	(4,918,025)	564,860	(4,197,363)
	8,744,326	14,935,015	26,183,602	36,744,060

29. NON-CASH TRANSACTIONS

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

During the nine months period ended 30 September 2023 the Group received government grants in the total amount of KZT 15,143,256 thousand represented by 90% reduction in the annual fee for use of radio frequencies.

During the nine months period ended 30 September 2023, the Group paid an amount of KZT 50,367,728 thousand (unaudited) for property and equipment purchased in prior year (during the nine month periods ended 30 September 2022: KZT 46,818,019 thousand (unaudited)). Property and equipment in the amount of KZT 35,121,988 thousand (unaudited) were purchased but not paid by 30 September 2023 (purchased, but not paid by 30 September 2022: KZT 13,591,855 thousand (unaudited)).

During the three and nine months periods ended 30 September 2023, the Group received repayment of loans provided to employees in the amount of KZT 412,200 thousand and KZT 1,218,202 thousand, respectively (during the three and nine months periods ended 30 September 2022: KZT 272,745 thousand and KZT 960,354 thousand, respectively (unaudited)).

30. 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 30 September 2023, the Group recognized a provision for expected credit loss in the amount of KZT 470,713 thousand in respect of receivables from related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**30. RELATED PARTY TRANSACTIONS (continued)**

Sales and purchases with related parties during the periods of three and nine months ended 30 September 2023 and 30 September 2022 and the balances with related parties at 30 September 2023 and 31 December 2023 were as follows:

<i>In thousands of tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Sales of goods and services				
Parent	3,258	3,280	9,789	10,458
Parent-controlled entities	832,525	1,025,668	2,874,842	1,975,076
Associate (Qaz Cloud LLP) (Note 7)	–	350,290	–	889,633
Government-related entities	12,583,123	12,965,483	40,173,368	39,845,554
Purchases of goods and services				
Parent-controlled entities	1,475,262	695,328	3,628,253	1,953,913
Associate (Qaz Cloud LLP) (Note 7)	–	366,669	–	958,068
Government-related entities	9,666	77,031	144,526	217,400
Interest accrued on borrowings				
Entities under state control (Development Bank of Kazakhstan JSC)	491,295	710,966	1,567,368	2,018,744
Average interest rate on borrowings	8.00%	7.98%	8.00%	7.98%
Parent*	1,178,750	2,095,530	3,536,250	6,468,750
Average interest rate on borrowings	11.84%	11.84%	11.84%	11.84%

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

<i>In thousands of tenge</i>	30 September 2023 (unaudited)	31 December 2022
Cash and cash equivalents		
Entities under state control (Development Bank of Kazakhstan JSC)	42	31
Borrowings and bonds (Note 15)		
Entities under state control (Development Bank of Kazakhstan JSC)	26,951,245	30,309,455
Parent*	41,392,917	42,571,667
Trade receivables		
Parent	1,208	1,229
Parent-controlled entities	1,157,349	566,382
Associate (Qaz Cloud LLP) (Note 7)	–	222,479
Government-related entities	14,896,525	7,833,829
Trade payables		
Parent	59	59
Parent-controlled entities	343,183	234,945
Associate (Qaz Cloud LLP) (Note 7)	–	863,154
Government-related entities	1,037,577	1,643,367

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES**(Gain from reversal of impairment) / impairment losses on financial assets**

Impairment losses on financial assets for the nine months ended 30 September 2023, comprise accrued/(recovered) allowance for expected credit loss for trade receivables in amount of KZT 3,970,913 thousand (*Note 10*), other current financial assets in amount of KZT 74,772 thousand (*Note 11*), cash and cash equivalents in amount of KZT (9,194) thousand (*Note 13*) (for the nine months ended 30 September 2022: trade receivables in amount of KZT 4,792,155 thousand (*Note 10*), other current financial assets in amount of KZT 67,658 thousand (*Note 11*), cash and cash equivalents in amount of KZT 4,137 thousand (*Note 13*)).

Impairment losses on financial assets for the three months ended 30 September 2023, comprise accrued/(recovered) allowance for expected credit loss for trade receivables in amount of KZT (533,044) thousand (*Note 10*), other current financial assets in amount of KZT 21,621 thousand (*Note 11*), cash and cash equivalents in amount of KZT (3,187) thousand (*Note 13*) (for the three months ended 30 September 2022: trade receivables in amount of KZT 2,123,130 thousand (*Note 10*), other current financial assets in amount of KZT 25,926 thousand (*Note 11*), cash and cash equivalents in amount of KZT 2,470 thousand (*Note 13*)).

(Gain from reversal of impairment) / impairment losses on non-financial assets

(Gain from reversal of impairment) / impairment losses on non-financial assets for the nine months ended 30 September 2023, comprise accrued/(reversed) allowance for impairment of advances paid for non-current assets for KZT (197,371) thousand (*Note 5*), advances paid for current assets in the amount of KZT 334,699 thousand, impairment of fixed assets in the amount of KZT 1,281,305 thousand (*Note 5*) and impairment of intangible assets in the amount of KZT (4,050) thousand (*Note 6*) (for the nine months ended 30 September 2023, include accrued/(restored) provision for impairment of advances paid for non-current assets in the amount of KZT 547,072 thousand, impairment of fixed assets in the amount of KZT 1,281,115 thousand (*Note 5*) and impairment of intangible assets in the amount of KZT 2,826 thousand (*Note 6*)).

(Gain from reversal of impairment) / impairment losses on non-financial assets for the three months ended 30 September 2023, comprise accrued/(reversed) allowance for impairment of advances paid for non-current assets for KZT (43,516) thousand (*Note 5*), advances paid for current assets in the amount of KZT 349,453 thousand, fixed assets in the amount of KZT 1,301,485 thousand (*Note 5*) and intangible assets in the amount of KZT (1,260) thousand (*Note 6*) (for the three months ended 30 September 2022, includes an accrued provision for impairment of advances issued for current assets in the amount of KZT 326,979 thousand, impairment of fixed assets in the amount of KZT 1,210,932 thousand).

The Group's principal financial instruments include loans, lease obligations, cash and cash equivalents, bank deposits and accounts receivable and accounts payable. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. 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 tables below present fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 30 September 2023 was as follow:

<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	30 September 2023	73,541,131	-	-	73,541,131
Investment property	30 September 2023	-	-	2,700,000	2,700,000
Other non-current financial assets	30 September 2023	-	-	3,855,800	3,855,800
Other current financial assets	30 September 2023	-	-	6,409,646	6,409,646
Trade receivables	30 September 2023	-	-	58,505,710	58,505,710
Liabilities for which fair values are disclosed					
Borrowings	30 September 2023	-	-	277,484,892	277,484,892
Other non-current financial liabilities	30 September 2023	-	-	6,793,944	6,793,944
Other current financial liabilities	30 September 2023	-	-	23,223,003	23,223,003
Trade payables	30 September 2023	-	-	62,774,728	62,774,728

The tables below present fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 31 December 2022 was as follow:

<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	31 December 2022	14,896,830	-	-	14,896,830
Investment property	31 December 2022	-	-	2,700,000	2,700,000
Other non-current financial assets	31 December 2022	-	-	6,629,229	6,629,229
Other current financial assets	31 December 2022	-	-	4,374,070	4,374,070
Trade receivables	31 December 2022	-	-	45,305,186	45,305,186
Liabilities for which fair values are disclosed					
Borrowings	31 December 2022	-	-	243,775,351	243,775,351
Other non-current financial liabilities	31 December 2022	-	-	414	414
Other current financial liabilities	31 December 2022	-	-	27,616,881	27,616,881
Trade payables	31 December 2022	-	-	104,832,254	104,832,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. 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 30 September 2023 (unaudited)	Fair value as at 30 September 2023 (unaudited)	Unrecognised gain as at 30 September 2023 (unaudited)	Carrying amount as at 31 December 2022	Fair value as at 31 December 2022	Unrecognised gain/(loss) as at 31 December 2022
Financial assets						
Cash and cash equivalents	38,872,233	38,872,233	-	242,122,154	242,122,154	-
Other non-current financial assets	3,855,800	3,855,800	-	6,973,300	6,629,229	(344,071)
Financial assets carried at amortised cost	73,541,131	73,541,131	-	14,832,821	14,896,830	64,009
Other current financial assets	6,409,646	6,409,646	-	4,374,070	4,374,070	-
Trade receivables	58,505,710	58,505,710	-	45,305,186	45,305,186	-
Financial liabilities						
Borrowings	278,117,261	277,484,892	632,369	247,876,877	243,775,351	4,101,526
Other non-current financial liabilities	6,793,944	6,793,944	-	414	414	-
Other current financial liabilities	23,223,003	23,223,003	-	27,616,881	27,616,881	-
Trade payables	62,774,728	62,774,728	-	104,832,254	104,832,254	-
Total unrecognised change in unrealised fair value			632,369			3,821,464

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES**Operating environment**

In Kazakhstan, economic reforms and the development of the legal, tax and administrative infrastructure that meets the developed markets are still in process. The future stability of the Kazakhstan economy will largely depend on these reforms, as well as on the effectiveness of the Government's actions in the area of economy, financial and monetary policy.

Capital commitments

The Group generally enters into contracts for the completion of construction projects and purchase of telecommunication equipment. As at 30 September 2023, the Group had contractual obligations in the total amount of KZT 94,592,192 thousand, including VAT (31 December 2022: KZT 49,774,593 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 30 September 2023. Management believes that as at 30 September 2023 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.

New technical regulations

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

As of 30 September 2023, the Group integrated new SHC for the total amount of KZT 4,612,000 thousand since 2018. The Group is gradually plans the modernization and expansion of licensed and port capacity of SHC in accordance with the cellular development plan, including 5G technology, and expects that the estimated amount of capital expenditures for the modernization and expansion will be KZT 22,027,000 thousand by 2032.

5G services

In accordance with the Order of Committee of competition protection of the Ministry of national economics, the Group has an obligation to start providing 5G services not later than 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. COMMITMENTS AND CONTINGENCIES (CONTINUED)**Events in Ukraine**

The war on the territory of Ukraine, which began in 2022, led to the emergence of a number of accounting features under IFRS that affect the financial statements. Many countries have already imposed and continue to impose new sanctions against certain Russian legal entities and Russian citizens.

The current situation itself, as well as potential fluctuations in commodity prices, exchange rates, import and export restrictions, availability of local materials and services and access to local resources directly affected Companies carrying out significant volumes of activities in the CIS territories. However, the above situation did not affect the Company's activities. Management cannot foresee the scale and duration of changes in the economy of Kazakhstan, as well as assess their possible impact on the financial position of the Company in the future. Management is confident that it is taking all necessary measures to maintain the sustainability and growth of the Company's activities in the current circumstances. Based on experience, the Group expects that the war in Ukraine and the coronavirus pandemic will have only a limited impact on business in the future.

Government grant related to frequency fee

The Group has submitted consolidated report on expenditures used to finance broadband projects access to the Internet in urban and rural areas included capital and operational costs that are necessary for the provision of broadband Internet access services in urban and rural settlements throughout the territory of the Republic of Kazakhstan. Management believes that there are no unfulfilled conditions or contingencies attached to these grants.

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

Arbitration against Amdocs companies

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

On 13 September 2023, a Settlement agreement was signed between the Group and Amdocs on the voluntary execution of the arbitration award in order to reduce payments, as well as risks associated with the execution of the award.

On 15 September 2023, the Group made a payment in favor of Amdocs in the amount of \$6 million (KZT 2.763 million) as payment of the full amount of the compensation under the Settlement Agreement. As of 30 September 2023, the Group restored the provision for arbitration proceedings against Amdocs in the amount of KZT 1,175 million. As of 30 September 2023, the reserve balance is zero tenge (31 December 2022: KZT 3,684,675 thousand).

After the payment of the full amount of the compensation, according to the Settlement Agreement, all claims and all outstanding obligations in respect of the dispute between the Group and Amdocs are considered fully settled/settled.

33. SUBSEQUENT EVENTS

During October and November 2023, the Group attracted financing from the People's Bank of Kazakhstan in the amount of KZT 7,570,000 thousand for 36 months at 18% per annum and repaid the loan in the total amount of KZT 14,597,000 thousand.

On 4 October 2023, the Group signed an additional agreement with Halyk Bank of Kazakhstan JSC to increase the amount of the credit line to KZT 55,000,000 thousand.

In October 2023, the Group received permission to use radio frequency spectrum on 5G in an additional in 5 regions of Kazakhstan. Currently, the Group has permits to use radio frequency spectrum in 18 of the 20 regions.

From 13 November to 15 November the Company paid KZT 6,979,437 thousand in dividends with involvement of its paying agent (Central Securities Depository JSC).

On 14 November 2023, the Group received an additional tranche in the amount of KZT 2,507,510 thousand, as part of a credit line agreement with Halyk Bank of Kazakhstan JSC with a maturity of 36 months and a fixed interest rate of 18% per annum.