

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the nine months ended 30 September 2024****1. GENERAL INFORMATION**

Kcell JSC (the Company) was established as a limited liability partnership (GSM Kazakhstan OJSC Kazakhtelecom LLP) on 1 June 1998 to design, construct and operate a cellular telecommunications network in the Republic of Kazakhstan, using the GSM (Global System for Mobile Communications) standard.

The Company's registered address is Alimzhanova 51, Almaty, the Republic of Kazakhstan.

On 27 August 2012, the Ministry of Justice registered the Company as a Joint Stock Company. Under Kazakhstani law, upon the conversion, retained earnings as at the date of the conversion became share capital of the Company and ceased to be available for distribution to shareholders.

The Group operates 3G, 4G, LTE, 5G licenses.

As at 30 September 2024 and December 2023 the Company is controlled by Kazakhtelecom JSC. Kazakhtelecom JSC is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund Samruk-Kazyna JSC (Samruk-Kazyna) which owns 79.2% of Kazakhtelecom's issued common shares. Issued shares of the Company are listed on the Kazakhstan Stock Exchange (KASE).

As at 30 September 2024 and 31 December 2023, the shareholders of the Company are presented as follow:

|  | 30 September<br>2024 | 31 December<br>2023 |
|--|----------------------|---------------------|
| Kazakhtelecom JSC                          | 51.00%               | 51.00%              |
| Private company KC HOLDING LTD             | 14.87%               | -                   |
| First Heartland Jusan Bank JSC             | 9.08%                | 9.08%               |
| Single accumulative pension fund JSC       | 7.10%                | 7.06%               |
| ZHASYL DAMU JSC                            | 2.89%                | 2.59%               |
| Turlov T.R.                                | 2.55%                | 2.19%               |
| Public company FREEDOM FINANCE GLOBAL      | 1.84%                | 2.31%               |
| Private company TURLOV PRIVATE HOLDING LTD | 1.72%                | 0.23%               |
| KAZPOST JSC                                | 1.72%                | 2.36%               |
| Raiffeisenbank JSC                         | 1.54%                | 1.54%               |
| Yesenov G.Sh.                              | -                    | 14.87%              |
| Other                                      | 5.69%                | 6.77%               |
|  | <b>100.00%</b>       | <b>100.00%</b>      |

As at 30 September 2024 and 31 December 2023, the Company has the following principal subsidiary:

|                  | 30 September<br>2024 (unaudited) | 31 December<br>2023 |
|------------------|----------------------------------|---------------------|
| KazNet Media LLP | 100%                             | 100%                |

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

The interim condensed consolidated financial statements were authorised for issue by the Chairman of the Management Board on 8 November 2024.

**2. BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the three months ended 30 September 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION (continued)

#### Going concern

As of 30 September 2024, the Group's current liabilities exceeded its current assets by 58,150 million tenge. The Group's current liabilities mainly comprise short-term loans and borrowings in the amount of 41,267 million tenge, trade and other payables in the amount of 21,867 million tenge, taxes payable in the amount of 3,310 million tenge and other current financial and non-financial liabilities.

The management believes that the Group will continue its activity in accordance with the principle of going concern, and in making such a judgement, the management took into account current intentions of the Group and its financial position. In particular, the following factor was reviewed in estimating the ability of the Group to continue its activities in accordance with the going concern principle:

- The Group plans to continue generating positive net operating cash flows;
- Effective financial management of net working capital;
- As at the date of issue of these financial statements, the Group has the opportunity to attract additional funds on arm's length terms under available unutilized credit lines for a total amount of 91,300 million tenge.
- Diversification of funding sources.

Thus, the Group's management believes that the Group will continue its activities accordance with the principle of going concern during the next 12 months from the date of authorization of these financial statements.

#### Foreign currency translation

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

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

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

|               | 30 September<br>2024 | 31 December<br>2023 |
|---------------|----------------------|---------------------|
| US dollar     | 479.23               | 454.56              |
| Euro          | 534.96               | 502.24              |
| Russian ruble | 5.16                 | 5.06                |

### 3. MATERIAL ACCOUNTING POLICIES

#### New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****3. MATERIAL ACCOUNTING POLICIES (continued)***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. Please refer to the *Note 12* for more details.

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

**4. SEGMENT INFORMATION**

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5. SHARE CAPITAL AND EARNINGS PER SHARE

As at 30 September 2024 and 31 December 2023, the shareholders of the Company are presented as follow:

|  | 30 September 2024 |                    | 31 December 2023 |                    |
|--|-------------------|--------------------|------------------|--------------------|
|  | Share             | Number of shares   | Share            | Number of shares   |
| Kazakhtelecom JSC                          | 51.00%            | 102,000,000        | 51.00%           | 102,000,000        |
| Private company KC HOLDING LTD             | 14.87%            | 29,745,215         | -                | -                  |
| First Heartland Jusan Bank JSC             | 9.08%             | 18,167,753         | 9.08%            | 18,167,753         |
| Single accumulative pension fund JSC       | 7.10%             | 14,209,804         | 7.06%            | 14,116,287         |
| ZHASYL DAMU JSC                            | 2.89%             | 5,780,566          | 2.59%            | 5,188,973          |
| Turlov T.R.                                | 2.55%             | 5,099,110          | 2.19%            | 4,371,680          |
| Public company FREEDOM FINANCE GLOBAL      | 1.84%             | 3,679,245          | 2.31%            | 4,623,103          |
| Private company TURLOV PRIVATE HOLDING LTD | 1.72%             | 3,445,007          | 0.23%            | 467,449            |
| KAZPOST JSC                                | 1.72%             | 3,441,893          | 2.36%            | 4,727,726          |
| Raiffeisenbank JSC                         | 1.54%             | 3,070,664          | 1.54%            | 3,070,664          |
| Yesenov G.Sh.                              | -                 | -                  | 14.87%           | 29,745,215         |
| Other                                      | 5.69%             | 11,360,743         | 6.77%            | 13,521,150         |
|  | <b>100.00%</b>    | <b>200,000,000</b> | <b>100.00%</b>   | <b>200,000,000</b> |

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

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

| <i>In millions of tenge</i>                               | For the three months ended |                   | Nine months ended |                   |
|---|----------------------------|-------------------|-------------------|-------------------|
|   | 30 September 2024          | 30 September 2023 | 30 September 2024 | 30 September 2023 |
| Profit for the period attributable to equity shareholders | 2,586                      | 5,690             | 8,077             | 23,570            |
| Weighted average number of ordinary shares                | 200,000,000                | 200,000,000       | 200,000,000       | 200,000,000       |
| <b>Earnings per share (tenge), basic and diluted</b>      | <b>12.93</b>               | <b>28.45</b>      | <b>40.39</b>      | <b>117.85</b>     |

The Group has no dilutive or potentially dilutive securities outstanding.

#### Additional information disclosed in accordance with KASE requirements

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

According to the requirements of the KASE, the Group has calculated its cost per ordinary share, which was calculated based on the number of ordinary shares outstanding at the reporting date. The cost per ordinary share as at 30 September 2024 and 31 December 2023 is presented below

| <i>In millions of tenge</i>   | 30 September 2024 | 31 December 2023 |
|---|-------------------|------------------|
| Net assets, excluding intangible assets   | 64,892            | 47,694           |
| Number of ordinary shares in issue  | 200,000,000       | 200,000,000      |
| <b>Cost of ordinary share, calculated in accordance with listing requirements of the KASE (tenge)</b> | <b>324.46</b>     | <b>238.47</b>    |

During the three months ended 30 September 2024 and 2023, the Group did not declare dividends payable.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****6. PROPERTY AND EQUIPMENT**

During the three and nine-months period ended 30 September 2024, additions to property and equipment totaled to 12,228 and 45,708 million tenge respectively (during the three and nine-months period ended 30 September 2023: 26,410 and 50,528 million tenge respectively).

During the three and nine-months period ended 30 September 2024, transfers from construction-in-progress to property and equipment amounted to 15,182 and 35,023 million tenge respectively (during the three and nine-months period ended 30 September 2023: 3,446 and 6,434 million tenge respectively).

During the three and nine-months period ended 30 September 2024, the Group recognized depreciation expense in the amount of 5,478 and 15,388 million tenge respectively (during the three and nine-months period ended 30 September 2023: 3,643 and 10,455 million tenge respectively).

During the nine months period ended 30 September 2024, the Group recognized an increase in changes in estimates in assets retirement obligation in the amount 713 million tenge (during the nine months period ended 30 September 2023: the decrease in the amount of 563 million tenge).

As of 30 September 2024, the fair value of the investment property equaled to 451 million tenge (31 December 2023: 427 million tenge).

As of 30 September 2024, the gross carrying value of property and equipment which has been fully depreciated and still in use, was 190,468 million tenge (as of 31 December 2023: 190,204 million tenge).

During the nine-months period ended 30 September 2024, the Group has written off the property and equipment with net book value in the amount of 3,5 million tenge (during the nine-months period ended 30 September 2023: 461 million tenge).

**7. INTANGIBLE ASSETS**

As of 30 September 2024, the Group has permits to use of 5G for 3700-3800 MHz radio frequency spectrum in 20 regions out of 20. However, in a number of regions, frequency spectrum has been received partially. Accordingly, the overall share of 5G permits received is 83% across all regions.

During the three and nine-months period ended 30 September 2024, the Group acquired intangible assets in the amount of 2,035 and 7,646 million tenge respectively (during three and nine-months period ended 30 September 2023: 384 and 93,977 million tenge respectively).

During the three and nine-months period ended 30 September 2024, the Group recognized amortization expense in the amount of 5,667 and 16,756 million tenge respectively (during three and nine-months period ended 30 September 2023: 7,440 and 14,931 million tenge respectively).

As of 30 September 2024, the carrying amount of 5G license was 71,532 million tenge (31 December 2023: 75,434 million tenge) and its remaining amortization period was 14 years. As of 30 September 2024, the carrying amount of the 4G license was 10,977 million tenge (31 December 2023: 12,277 million tenge) and its remaining amortization period was 6 years. As of 30 September 2024, the carrying amount of 3G license was 417 million tenge (31 December 2023: 666 million tenge) and its remaining amortization period was 1 year.

As of 30 September 2024, the historical cost of intangible assets, which have been fully amortized and still in use, was 37,304 million tenge (31 December 2023: 39,769 million tenge).

During the nine-months period ended 30 September 2024, the Group has written off intangible assets with net book value of 11 million tenge (during the nine months period ended 30 September 2023: 26 million tenge).

As of 30 September 2024, the carrying value of intangible assets represented by internally developed digital products included in the development costs amounted to 3,717 million tenge (31 December 2023: 2,634 million tenge). Costs capitalized as development costs meet the criteria for recognition as intangible assets under IAS 38.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 8. TRADE RECEIVABLES

As at 30 September 2024 and 31 December 2023, trade receivables comprised of the following:

| <i>In millions of tenge</i>                                   | <b>30 September<br/>2024<br/>(unaudited)</b> | 31 December<br>2023 |
|---|--|---------------------|
| Trade receivables from subscribers                            | 25,898                                       | 29,568              |
| Trade receivables from interconnect services                  | 1,073  | 3,322               |
| Trade receivables from dealers and distributors               | 813  | 801                 |
| Trade receivables from roaming operators                      | 660  | 439                 |
| Trade receivables from related parties (Note 22)              | 4,784  | 4,946               |
| Less: allowance for expected credit losses                    | <b>(7,713)</b>                               | <b>(4,830)</b>      |
|   | <b>25,515</b>                                | <b>34,246</b>       |
| Less: long-term portion of trade receivables from subscribers | <b>(4,189)</b>                               | <b>(1,523)</b>      |
|   | <b>21,326</b>                                | <b>32,723</b>       |

During the nine months ended 30 September, movements in the allowance for expected credit losses were as follows:

| <i>In millions of tenge</i>   | <b>30 September<br/>2024<br/>(unaudited)</b> | 30 September<br>2023<br>(unaudited) |
|---|--|-------------------------------------|
| Allowance for expected credit losses at the beginning of the period | (4,830)                                      | (12,915)                            |
| Charge for the period   | (2,958)                                      | (2,786)                             |
| Write-off for the period  | 75   | -                                   |
| Allowance for expected credit losses at the end of the period       | <b>(7,713)</b>                               | <b>(15,701)</b>                     |

During the three months ended 30 September 2024 the Group recognized 529 million tenge additional provision of an allowance for expected credit losses (during the three months ended 30 September 2023: 506 million tenge).

### 9. INVENTORIES

As of 30 September 2024, and 31 December 2023, inventories comprised:

| <i>In millions of tenge</i>  | <b>30 September<br/>2024<br/>(unaudited)</b> | 31 December<br>2023 |
|--|--|---------------------|
| Handsets and accessories (at lower of cost and net realizable value) | 6,139  | 7,501               |
| Start packages (at cost)   | 145  | 330                 |
| SIM-cards (at cost)  | 140  | 147                 |
| Marketing materials (at cost)  | 57   | 97                  |
| Other materials (at cost)  | 599  | 934                 |
|  | <b>7,080</b>                                 | <b>9,009</b>        |

During the nine-month period ended 30 September 2024, the Group recognized as an expense 441 million tenge (during the nine-month period ended 30 September 2023: nil tenge) for inventories carried at net realizable value, which is recognized within general and administrative expenses.

### 10. OTHER CURRENT NON-FINANCIAL ASSETS

As at 30 September 2024 and 31 December 2023, other current non-financial assets comprised of the following:

| <i>In millions of tenge</i>           | <b>30 September<br/>2024<br/>(unaudited)</b> | 31 December<br>2023 |
|---------------------------------------|--|---------------------|
| Advances paid                         | 2,663  | 3,497               |
| Prepaid taxes other than income taxes | 1,752  | 2,847               |
| Prepaid expenses                      | 1,154  | 913                 |
| VAT recoverable                       | 88   | 569                 |
|                                       | <b>5,657</b>                                 | <b>7,826</b>        |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. CASH AND CASH EQUIVALENTS

As at 30 September 2024 and 31 December 2023, cash and cash equivalents comprised of the following:

| <i>In millions of tenge</i>                               | 30 September<br>2024<br>(unaudited) | 31 December<br>2023 |
|---|-------------------------------------|---------------------|
| Bank deposits with original maturity of less than 90 days | 7,428                               | 9,143               |
| Cash on current bank accounts                             | 1,065                               | 1,883               |
| Cash on hand  | 5                                   | 5                   |
|   | <b>8,498</b>                        | <b>11,031</b>       |

As of 30 September 2024, short-term bank deposits represent overnight deposits in tenge in Halyk Bank JSC at interest rate 13.75% in the amount of 4,100 million tenge, and deposit in USD at interest rate 3.0% in the amount of 908,021 USD.

Additionally, Kcell JSC placed deposits totaling 6 million USD in Kazpost JSC from 26 September 2024 to 26 October 2024, at an interest rate of 4%.

As at 30 September 2024 and 31 December 2023, cash and cash equivalents were denominated in various currencies as follow:

| <i>In millions of tenge</i> | 30 September<br>2024<br>(unaudited) | 31 December<br>2023 |
|-----------------------------|-------------------------------------|---------------------|
| Tenge                       | 4,914                               | 8,901               |
| US dollars                  | 3,422                               | 2,123               |
| Euro                        | 162                                 | 2                   |
| Russian roubles             | -                                   | 4                   |
| Other currency              | -                                   | 1                   |
|                             | <b>8,498</b>                        | <b>11,031</b>       |

### 12. BORROWINGS

As at 30 September 2024 and 31 December 2023 borrowings comprised of the following:

| <i>In millions of tenge</i>    | Currency | Effective<br>interest<br>rate | Nominal<br>interest<br>rate | Maturity date  | 30 September<br>2024<br>(unaudited) | 31 December<br>2023 |
|--------------------------------|----------|-------------------------------|-----------------------------|----------------|-------------------------------------|---------------------|
| AIX Bonds                      | Tenge    | 15.80%                        | 14.75%                      | September 2027 | 30,320                              | -                   |
| AIX Bonds                      | Tenge    | 16.40%                        | 15.25%                      | June 2025      | 25,246                              | -                   |
| AIX Bonds                      | Tenge    | 16.40%                        | 15.25%                      | April 2027     | 15,562                              | -                   |
| Bank of China Kazakhstan JSC   | Tenge    | 15.80%                        | 14.75%                      | February 2026  | 15,108                              | -                   |
| Halyk Bank of Kazakhstan JSC   | Tenge    | 17.50%                        | 16.25%                      | August 2027    | 2,069                               | -                   |
| Halyk Bank of Kazakhstan JSC   | Tenge    | 20.10%                        | 18.50%                      | September 2026 | -                                   | 22,896              |
| Bank of China Kazakhstan JSC   | Tenge    | 18.70%                        | 16.75%                      | February 2026  | -                                   | 13,000              |
| Halyk Bank of Kazakhstan JSC   | Tenge    | 19.20%                        | 17.75%                      | December 2026  | -                                   | 12,642              |
| Nurbank JSC                    | Tenge    | 18.70%                        | 17.27%                      | September 2026 | -                                   | 10,909              |
| Halyk Bank of Kazakhstan JSC   | Tenge    | 19.50%                        | 18.00%                      | November 2026  | -                                   | 9,254               |
| Halyk Bank of Kazakhstan JSC   | Tenge    | 19.50%                        | 18.00%                      | October 2026   | -                                   | 6,002               |
| Nurbank JSC                    | Tenge    | 18.70%                        | 17.27%                      | December 2024  | -                                   | 4,091               |
| Halyk Bank of Kazakhstan JSC   | Tenge    | 19.20%                        | 17.75%                      | November 2026  | -                                   | 3,466               |
| Bank of China Kazakhstan JSC   | Tenge    | 10.90%                        | 10.30%                      | June 2024      | -                                   | 2,095               |
| First Heartland Jusan Bank JSC | Tenge    | 11.60%                        | 11.00%                      | November 2024  | -                                   | 512                 |
|                                |          |                               |                             |                | <b>88,305</b>                       | <b>84,867</b>       |
| Less: non-current portion      |          |                               |                             |                | <b>(47,038)</b>                     | <b>(77,514)</b>     |
|                                |          |                               |                             |                | <b>41,267</b>                       | <b>7,353</b>        |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****12. BORROWINGS (continued)**

The Group's borrowings are denominated in Kazakhstani tenge and represented by unsecured loans. The borrowings have financial and non-financial covenants. Breaches in meeting the covenants would permit the banks to immediately call loans and borrowings. As at 30 September 2024 and 31 December 2023, there have been no breaches of the covenants.

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

*Halyk Bank of Kazakhstan JSC*

In September 2023, the Group signed an agreement on non-revolving credit line with JSC Halyk Bank of Kazakhstan with limit of 50,000 million tenge on investments in capital expenditures. In September 2023 the Group signed an addendum to the existing credit line and extended the limit to 90,500 million tenge with a revolving limit of 40,500 million tenge for working capital financing. During the nine months period ended 30 September 2024, the Group received tranches within the credit line in the amount of 43,977 million tenge with a repayment period of 36 months and an effective interest rate of 17.50%-19.20%. During 2024, the Group repaid KZT 95,543 million tenge of principal amount.

*Nurbank JSC*

In April 2024, the Group repaid 15,000 million tenge for a period of 36 months at a rate of 17.27% per annum.

In April 2024, the Group obtained a loan from Nurbank JSC in the amount of 15,000 million tenge. The effective interest rate on the loan is 16.60% per annum. Maturity date of the loan is 8 September 2026.

In May 2024, the Group obtained a loan from Nurbank JSC in the amount of 3,000 million tenge. The effective interest rate on the loan is 16.60% per annum. Maturity date of the loan is 8 September 2026.

In September 2024, the Group repaid 18,000 million tenge for a period of 36 months at a rate of 16.60% per annum.

*First Heartland Jusan Bank JSC*

In July 2024, the Group repaid 500 million tenge for a period 36 months at a rate of 11.60% per annum.

*Bank of China Kazakhstan JSC*

During 2023, the Group received a loan in the amount of 13,000 million tenge, under a credit line agreement with Bank of China JSC with a maturity of 36 months and a fixed interest rate of 17.25% per annum.

In June 2024, the Group repaid 2,000 million tenge for a period of 36 months at a rate of 11.10% per annum.

In September 2024, the Group repaid 13,000 million tenge for a period of 36 months at a rate of 17.10% per annum.

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

*ALX Bonds*

The Group approved a bond program for a total amount of KZT 70,000 million at the Astana International Exchange (Astana International Exchange JSC). As part of this program, in the first half of 2024, the Group placed two tranches of bonds with a nominal value of 15,000 million and 25,000 million tenge with a floating interest rate (the base rate of the National Bank plus 1%, the interest rate at the time of issue of the interim financial statements is 15.25%) for a period of 36 months. On September 2024, the Group placed third tranche of bonds with a nominal value of 30,000 million tenge with a floating interest rate (the base rate of the National Bank plus 1%, the interest rate at the time of issue of the interim financial statements is 14.75%)



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. BORROWINGS (continued)

#### Covenants

The Group's non-current borrowings include borrowings amounting to 47,038 million tenge that contain covenants, which, if not met, would result in the borrowings becoming repayable on demand. These borrowings are otherwise repayable more than 12 months after the end of the reporting period. As at 30 September 2024 the Group complied with all the covenants that were required to be met on or before 30 September 2024. The covenants that are required to be complied with after the end of the current interim period do not affect the classification of the related borrowings as current or non-current at the end of the current interim period. Therefore, all these borrowings remain classified as non-current liabilities.

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

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

| <i>In millions of tenge</i>    | <b>Total</b>    |
|--------------------------------|-----------------|
| <b>Cost</b>                    |                 |
| As at 1 January 2023 (audited) | 33,316          |
| Additions                      | 6,567           |
| Modification                   | 233             |
| Cancellation                   | (158)           |
| <b>As at 30 September 2023</b> | <b>39,958</b>   |
| As at 1 January 2024 (audited) | 64,988          |
| Additions                      | 8,119           |
| Modification                   | 1,638           |
| <b>As at 30 September 2024</b> | <b>74,745</b>   |
| <b>Accumulated depreciated</b> |                 |
| As at 1 January 2023           | (18,232)        |
| Depreciation charge            | (4,295)         |
| Cancellation                   | 5               |
| <b>As at 30 September 2023</b> | <b>(22,532)</b> |
| As at 1 January 2024           | (23,826)        |
| Depreciation charge            | (5,900)         |
| <b>As at 30 September 2024</b> | <b>(29,726)</b> |
| <b>Net book value</b>          |                 |
| <b>As at 31 December 2023</b>  | <b>41,162</b>   |
| <b>As at 30 September 2024</b> | <b>45,019</b>   |

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

| <i>In millions of tenge</i>     | <b>30 September<br/>2024 (unaudited)</b> | <b>30 September<br/>2023 (unaudited)</b> |
|---------------------------------|--|--|
| At the beginning of the year    | 43,557                                   | 17,837                                   |
| Interest expenses               | 4,777                                    | 2,532                                    |
| Payments                        | (10,232)                                 | (6,889)                                  |
| Additions                       | 8,119                                    | 6,567                                    |
| Modification                    | 1,638                                    | 233                                      |
| Cancellations                   | -  | (208)                                    |
| <b>At the end of the period</b> | <b>47,859</b>                            | <b>20,072</b>                            |
| Short-term                      | 5,271                                    | 6,615                                    |
| Long-term                       | 42,588                                   | 13,457                                   |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The following amounts are recognised in profit or loss:

| <i>In millions of tenge</i>                     | For three months ended 30 September |                     | For nine months ended 30 September |                     |
|---|-------------------------------------|---------------------|------------------------------------|---------------------|
|   | 2024<br>(unaudited)                 | 2023<br>(unaudited) | 2024<br>(unaudited)                | 2023<br>(unaudited) |
| Depreciation expense of right-of-use assets     | 2,357                               | 1,380               | 5,900                              | 4,295               |
| Interest expense on lease liabilities (Note 20) | 1,925                               | 987                 | 4,777                              | 2,532               |
|   | <b>4,282</b>                        | <b>2,367</b>        | <b>10,677</b>                      | <b>6,827</b>        |

### 14. TRADE PAYABLES

As at 30 September 2024 and 31 December 2023, trade payables comprised of the following:

| <i>In millions of tenge</i>                 | 30 September<br>2024 (unaudited) | 31 December<br>2023 |
|---|----------------------------------|---------------------|
| Trade payables to third parties             | 22,444                           | 43,868              |
| Trade payables to related parties (Note 22) | 5,139                            | 4,467               |
|   | <b>27,583</b>                    | <b>48,335</b>       |
| Less: long-term portion of trade payables   | (5,707)                          | (7,339)             |
|   | <b>21,876</b>                    | <b>40,996</b>       |

As at 30 September 2024 and 31 December 2023, the Group's trade payables were denominated in the following currencies:

| <i>In millions of tenge</i> | 30 September<br>2024 (unaudited) | 31 December<br>2023 |
|-----------------------------|----------------------------------|---------------------|
| EUR                         | 13,127                           | 21,251              |
| Tenge                       | 11,642                           | 25,481              |
| US Dollars                  | 2,670                            | 1,561               |
| Other currencies            | 144                              | 42                  |
|                             | <b>27,583</b>                    | <b>48,335</b>       |

### 15. FINANCIAL GUARANTEE OBLIGATIONS

On 27 November 2020 the Group issued the financial guarantee on loan agreement of Kazakhtelecom JSC obtained from Development Bank of Kazakhstan JSC in the amount of 18,266 million tenge. The financial guarantee has maturity till 19 December 2024. The Group initially recognised the financial guarantee at fair value in the amount of 592 million tenge through retained earnings in equity. As at 30 September 2024, financial guarantee obligation equaled to 3 million tenge, which represents the initial amount less the cumulative amount of income recognised in accordance with IFRS 15 (31 December 2023: 44 million tenge).

### 16. PROVISIONS

As at 30 September 2024 and 31 December 2023 amount of provisions comprised of the following:

| <i>In millions of tenge</i>                    | 30 September<br>2024 (unaudited) | 31 December<br>2023 |
|--|----------------------------------|---------------------|
| Fines and penalties on contractual obligations | 6,410                            | 2,062               |
|  | <b>6,410</b>                     | <b>2,062</b>        |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 17. GOVERNMENT GRANTS

| <i>In millions of tenge</i>                                    | 30 September<br>2024 (unaudited) | 30 September<br>2023 (unaudited) |
|--|----------------------------------|----------------------------------|
| Government grants as at 1 January                              | 18,137                           | 11,268                           |
| Received during the period                                     | 11,061                           | 6,118                            |
| Released to the consolidated statement of comprehensive income | (4,390)                          | (2,546)                          |
| <b>Government grants as at 30 September</b>                    | <b>24,808</b>                    | <b>14,840</b>                    |
| Government grants: current portion                             | 5,326                            | 2,045                            |
| Government grants: non-current portion                         | 19,482                           | 12,795                           |

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 ended 30 September 2024 and the nine months ended 30 September 2023 in the amount of 11,061 million tenge and 6,118 million tenge, respectively, were used by the Group for the purchase and construction of broadband internet. Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. As of 30 September 2024, the balance of deferred income recognized was equal to 24,808 million tenge (30 September 2023: 14,840 million tenge), and part of the government grants released to the profit and loss over the nine month ended 30 September 2024 necessary to match the related depreciation charges equals to 4,390 million tenge (nine month ended 30 September 2023: 2,546 million tenge).

As of 30 September 2024, there are no unfulfilled conditions or contingencies attached to these grants.

### 18. REVENUE FROM CONTRACTS WITH CUSTOMERS

| <i>In millions of tenge</i>    | For the three months<br>ended 30 September |                                  | For the nine months<br>ended 30 September |                                  |
|--------------------------------|--|----------------------------------|---|----------------------------------|
|                                | 2024<br>(unaudited)                        | 2023<br>(unaudited<br>restated*) | 2024<br>(unaudited)                       | 2023<br>(unaudited<br>restated*) |
| Voice and data services        | 45,983                                     | 44,510                           | 136,160                                   | 126,917                          |
| Sale of handsets and equipment | 7,814                                      | 5,599                            | 26,346                                    | 22,271                           |
| Value added services           | 2,963                                      | 3,412                            | 8,397                                     | 8,917                            |
| Other                          | 2,138                                      | 1,768                            | 4,877                                     | 4,664                            |
|                                | <b>58,898</b>                              | <b>55,289</b>                    | <b>175,780</b>                            | <b>162,769</b>                   |
| Over time                      | 51,084                                     | 49,690                           | 149,434                                   | 140,498                          |
| At a point of time             | 7,814                                      | 5,599                            | 26,346                                    | 22,271                           |
|                                | <b>58,898</b>                              | <b>55,289</b>                    | <b>175,780</b>                            | <b>162,769</b>                   |

\* The group revised its judgement in relation revenue classification and adjusted revenue classification for the nine months ended 30 September 2023 to comply with current year presentation.

As at 30 September 2024 and 31 December 2023, the contract liabilities in the amount of 8,567 million tenge and 9,861 million tenge, respectively, were represented by deferred revenue.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 19. COST OF SALES

| <i>In millions of tenge</i>     | For the three months ended<br>30 September |                                  | For the nine months ended<br>30 September |                                  |
|---------------------------------|--|----------------------------------|---|----------------------------------|
|                                 | 2024<br>(unaudited)                        | 2023<br>(unaudited<br>restated)* | 2024<br>(unaudited)                       | 2023<br>(unaudited<br>restated*) |
| Depreciation and amortization   | 12,960                                     | 12,037                           | 36,352                                    | 28,619                           |
| Cost of SIM-card and handsets   | 7,671                                      | 4,462                            | 25,683                                    | 18,998                           |
| Personnel costs                 | 4,581                                      | 3,574                            | 13,686                                    | 11,640                           |
| Fees for use of frequency range | 4,557                                      | 3,615                            | 13,561                                    | 9,130                            |
| Transmission services           | 3,835                                      | 3,442                            | 11,237                                    | 10,387                           |
| Interconnect fees and expenses  | 3,454                                      | 4,152                            | 10,190                                    | 12,074                           |
| Repair and maintenance          | 3,123                                      | 3,512                            | 9,226                                     | 8,768                            |
| Network sharing agreement       | 1,839                                      | 1,281                            | 5,548                                     | 3,702                            |
| Electricity                     | 1,883                                      | 1,786                            | 5,213                                     | 4,122                            |
| Mobile service tax              | 509  | 544                              | 1,528                                     | 1,504                            |
| Security and safety             | 89   | 75                               | 259                                       | 258                              |
| Materials                       | 73   | 41                               | 167                                       | 94                               |
| Content provider expense        | -  | 619                              | -   | 1,140                            |
| Other                           | 1,098                                      | 1,159                            | 3,340                                     | 2,716                            |
|                                 | <b>45,672</b>                              | <b>40,299</b>                    | <b>135,990</b>                            | <b>113,152</b>                   |

\* The group revised its judgment regarding the functional duties of some personnel and their correlation with production costs by their nature. Personnel costs for the nine months ended 30 September 2023 were reclassified from general and administrative expenses to cost of sales by 584 million tenge in accordance with the presentation of the current year

### 20. FINANCE COSTS / FINANCE INCOME

| <i>In millions of tenge</i>                                     | For the three months<br>ended 30 September |                     | For the nine months<br>ended 30 September |                     |
|---|--|---------------------|---|---------------------|
|   | 2024<br>(unaudited)                        | 2023<br>(unaudited) | 2024<br>(unaudited)                       | 2023<br>(unaudited) |
| <b>Finance costs</b>  |  |                     |   |                     |
| Interest expense on loans and unwinding of discount             | 4,111                                      | 3,667               | 12,019                                    | 5,917               |
| Interest on lease liabilities (Note 13)                         | 1,925                                      | 932                 | 4,777                                     | 2,532               |
| Unwinding of discount (provision for decommissioning liability) | -  | (386)               | 368                                       | 401                 |
| Other   | 53   | (10)                | 302                                       | -                   |
|   | <b>6,089</b>                               | <b>4,203</b>        | <b>17,466</b>                             | <b>8,850</b>        |
| <b>Finance income</b>   |  |                     |   |                     |
| Unwinding of discount of trade receivables                      | 439  | 675                 | 1,217                                     | 1,257               |
| Interest income on cash balances and deposit                    | 124  | 141                 | 587                                       | 1,845               |
| Initial recognition of discount on loans                        | -  | -                   | 502                                       | -                   |
| Penalty income from late payments for contract phones           | 49   | 99                  | 157                                       | 302                 |
| Unwinding of issued financial guarantee                         | 10   | 15                  | 41  | 87                  |
| Interest income on financial assets at amortised cost           | -  | -                   | -   | 642                 |
| Other   | 4  | -                   | 13  | 54                  |
|   | <b>626</b>                                 | <b>930</b>          | <b>2,517</b>                              | <b>4,187</b>        |

### 21. INCOME TAX EXPENSE

| <i>In millions of tenge</i> | For the three months<br>ended 30 September |                     | For the nine months<br>ended 30 September |                     |
|-----------------------------|--|---------------------|---|---------------------|
|                             | 2024<br>(unaudited)                        | 2023<br>(unaudited) | 2024<br>(unaudited)                       | 2023<br>(unaudited) |
| Current income tax expense  | 1,479                                      | (544)               | 3,492                                     | 6,989               |
| Deferred income tax expense | (722)                                      | 2,893               | (1,208)                                   | 1,320               |
|                             | <b>757</b>                                 | <b>2,349</b>        | <b>2,284</b>                              | <b>8,309</b>        |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 22. RELATED PARTY DISCLOSURES

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's primary transactions with related parties are consulting services, technical assistance and operational support, transmission rent, roaming and interconnect. As at 30 September 2024, the Group recognized an allowance for expected credit losses in the amount of 444 million tenge in respect of receivables from related parties (31 December 2023: 429 million tenge).

Parent (Kazakhtelecom JSC) is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund Samruk-Kazyna JSC (Samruk-Kazyna) which owns 79.2% of Kazakhtelecom's issued common shares (*Note 1*). Governmental entities include entities under common control and associates of the Government of the Republic of Kazakhstan.

Related party transactions were made on terms agreed. Sales and purchases with related parties for three months ended 30 September 2024 and 2023, and the balances with related parties as at 30 September 2024 and 2023, were as follows:

|   | For the three months ended 30<br>September |                     | For the nine months ended 30<br>September    |                             |
|---|--|---------------------|--|-----------------------------|
|   | 2024<br>(unaudited)                        | 2023<br>(unaudited) | 2024<br>(unaudited)                          | 2023<br>(unaudited)         |
| <i>In millions tenge</i>                    |  |                     |  |                             |
| <b>Sales of goods and services</b>          |  |                     |  |                             |
| Entities of Samruk Kazyna Group             | 124  | 101                 | 401  | 270                         |
| Entities of Kazakhtelecom Group             | 9,509                                      | 3,254               | 22,561                                       | 9,466                       |
| Government entities                         | 92   | 128                 | 259  | 328                         |
|   | <b>9,725</b>                               | <b>3,483</b>        | <b>23,221</b>                                | <b>10,064</b>               |
| <b>Purchases of goods and services</b>      |  |                     |  |                             |
| Entities of Samruk Kazyna Group             | 184  | 162                 | 505  | 432                         |
| Entities of Kazakhtelecom Group             | 22,332                                     | 7,223               | 49,545                                       | 20,880                      |
| Government entities                         | 130  | 18                  | 397  | 68                          |
|   | <b>22,646</b>                              | <b>7,403</b>        | <b>50,447</b>                                | <b>21,380</b>               |
| <b>Finance expense</b>                      |  |                     |  |                             |
| Entities of Samruk Kazyna Group             | 1,890                                      | –                   | 2,702  | –                           |
| Other shareholders                          | 29   | 660                 | 71   | 3,072                       |
|   | <b>1,919</b>                               | <b>660</b>          | <b>2,773</b>                                 | <b>3,072</b>                |
|   |  |                     | <b>30 September<br/>2024<br/>(unaudited)</b> | <b>31 December<br/>2023</b> |
| <i>In millions of tenge</i>                 |  |                     |  |                             |
| <b>Trade receivables (Note 8)</b>           |  |                     |  |                             |
| Entities of Samruk Kazyna Group             |  |                     | 270  | 259                         |
| Entities of Kazakhtelecom Group             |  |                     | 3,923  | 4,327                       |
| Government entities                         |  |                     | 591  | 360                         |
|   |  |                     | <b>4,784</b>                                 | <b>4,946</b>                |
| <b>Trade payables (Note 14)</b>             |  |                     |  |                             |
| Entities of Samruk Kazyna Group             |  |                     | 72   | 35                          |
| Entities of Kazakhtelecom Group             |  |                     | 5,045  | 4,427                       |
| Government entities                         |  |                     | 22   | 5                           |
|   |  |                     | <b>5,139</b>                                 | <b>4,467</b>                |
| <b>Borrowings (Note 12)</b>                 |  |                     |  |                             |
| Entities of Samruk Kazyna Group (AIX bonds) |  |                     | 71,128                                       | –                           |
| Other Shareholders                          |  |                     | –  | 512                         |
|   |  |                     | <b>71,128</b>                                | <b>512</b>                  |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 22. RELATED PARTY DISCLOSURES (continued)

#### Compensation to key management personnel

For the nine months ended 30 September 2024 and 2023, the total compensation to key management personnel included in the accompanying consolidated statement of comprehensive income under general and administrative expenses was 1,470 million tenge and 1,498 million tenge, respectively. Compensation to key management personnel consists of wages fixed in the employment agreement, as well as remuneration based on the performance for the year.

### 23. FINANCIAL INSTRUMENTS

#### Fair value

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

The tables below represents fair value hierarchy of assets and liabilities of the Group. Disclosure of quantitative information of fair value hierarchy of financial instruments as at 30 September 2024 and 31 December 2023 is as follows:

| <i>In millions of tenge</i>                            | Date of valuation | Price quotation on active market (Level 1) | Significant observable in-puts (Level 2) | Significant unobservable in-puts (Level 3) | Total  |
|--|-------------------|--|--|--|--------|
| <b>Assets for which fair values are disclosed</b>      |                   |  |  |  |        |
| Short-term trade receivables                           | 30 September 2024 | –  | –  | 21,326                                     | 21,326 |
| Long-term trade receivables                            | 30 September 2024 | –  | –  | 4,189                                      | 4,189  |
| Other current financial assets                         | 30 September 2024 | –  | –  | 493  | 493    |
| <b>Liabilities for which fair values are disclosed</b> |                   |  |  |  |        |
| Borrowings   | 30 September 2024 | –  | –  | 88,305                                     | 88,305 |
| Trade payables   | 30 September 2024 | –  | –  | 27,583                                     | 27,583 |
| Financial guarantee obligation                         | 30 September 2024 | –  | –  | 3  | 3      |

| <i>In millions of tenge</i>                            | Date of valuation | Price quotation on active market (Level 1) | Significant observable in-puts (Level 2) | Significant unobservable in-puts (Level 3) | Total  |
|--|-------------------|--|--|--|--------|
| <b>Assets for which fair values are disclosed</b>      |                   |  |  |  |        |
| Short-term trade receivables                           | 31 December 2023  | –  | –  | 32,723                                     | 32,723 |
| Long-term trade receivables                            | 31 December 2023  | –  | –  | 1,523                                      | 1,523  |
| Other current financial assets                         | 31 December 2023  | –  | –  | 2,167                                      | 2,167  |
| <b>Liabilities for which fair values are disclosed</b> |                   |  |  |  |        |
| Borrowings   | 31 December 2023  | –  | –  | 84,867                                     | 84,867 |
| Trade payables   | 31 December 2023  | –  | –  | 48,335                                     | 48,335 |
| Financial guarantee obligation                         | 31 December 2023  | –  | –  | 44   | 44     |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. FINANCIAL INSTRUMENTS (continued)

#### Fair values (continued)

As at 30 September 2024 and 31 December 2023, the carrying amounts of the Group's financial assets and liabilities presented as follow:

| <i>In millions of tenge</i>                               | Carrying<br>amount<br>30<br>September<br>2024 | Fair value<br>30<br>September<br>2024 | Unrecognised<br>gain/(loss) | Carrying<br>amount<br>31 December<br>2023 | Fair value<br>31 December<br>2023 | Unrecognised<br>gain/(loss) |
|---|---|---------------------------------------|-----------------------------|---|-----------------------------------|-----------------------------|
| <b>Financial assets</b>                                   |   |                                       |                             |   |                                   |                             |
| Cash and cash equivalents                                 | 8,498   | 8,498                                 | -                           | 11,031                                    | 11,031                            | -                           |
| Short-term trade receivables                              | 21,326  | 21,326                                | -                           | 32,723                                    | 32,723                            | -                           |
| Long-term trade receivables                               | 4,189   | 4,183                                 | (6)                         | 1,523                                     | 1,523                             | -                           |
| Other current financial assets                            | 493   | 493                                   | -                           | 2,167                                     | 2,167                             | -                           |
| <b>Financial liabilities</b>                              |   |                                       |                             |   |                                   |                             |
| Borrowings  | 88,305  | 83,090                                | 5,215                       | 84,867                                    | 85,776                            | (909)                       |
| Trade payables  | 27,583  | 27,129                                | 454                         | 48,335                                    | 48,335                            | -                           |
| Financial guarantee obligation                            | 3   | 3                                     | -                           | 44  | 44                                | -                           |
| <b>Total unrecognised change in unrealised fair value</b> |   |                                       | <b>5,663</b>                |   |                                   | <b>(909)</b>                |

### 24. COMMITMENTS AND CONTINGENT LIABILITIES

#### Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy will largely depend on these reforms, as well as on the effectiveness of the Government's actions in the area of economy, financial and monetary policy.

#### Capital commitments

The Group generally enters into contracts for the completion of construction projects and purchase of equipment. As at 30 September 2024, the Group had contractual commitments totaling 48,803 million tenge, excluding VAT (as at 31 December 2023: 61,832 million tenge, excluding VAT), which includes capital expenditures in respect new technical regulation described below.

#### 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 (Technical Regulation of 27 July 2021 No. 85). 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 (ORA).

As of 30 September 2024, the Group integrated new SHC for the total amount of 4,964 million tenge since 2018. The Group gradually plans the modernization and expansion of licensed and port capacity of SHC in accordance with the cellular development plan including 5G and expects that the expected amount of capital expenditures related to modernization and expansion will be 15,486 million tenge by 2032.

#### Taxation

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****24. COMMITMENTS AND CONTINGENT LIABILITIES (continued)****Taxation (continued)**

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on its best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities. Possible liabilities which were identified by management at the end of the reporting period as those that can be subject to different interpretations of the tax laws and other regulations are not accrued in these financial statements.

**Arbitration against Amdocs companies**

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

On September 13, 2023, a Settlement Agreement was signed between the Group and Amdocs on voluntary enforcement 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 to Amdocs in the amount of US\$6 million (KZT 2,763 million) as payment of the full amount of compensation under the Settlement Agreement. As at 30 September 2023, the Group recovered the provision for arbitration proceedings in respect of Amdocs in the amount of KZT 1,175 million. As at 30 September 2024 and 2023 the balance of the provision are null.

Upon payment of the full amount of the settlement, pursuant to the Settlement Agreement, all claims and all outstanding obligations in respect of the dispute between the Group and Amdocs shall be deemed to be fully settled/discharged.

**Government grant related to frequency fee**

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

In case if, based on the results of the audited information, the fact of non-fulfilment by the telecom operator of obligations to allocate at least released funds from the reduction of the corresponding fee rate to finance broadband Internet access projects in urban and rural areas is confirmed, the authorized body in the field of communications not earlier than one year after 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.

**Antitrust investigation**

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

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

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

On 18 March 2024, the Specialized Inter-district Administrative Court of Almaty issued a final ruling to return Group's administrative claim on the basis of article 138.2.11 of the Administrative Procedure Code, deeming it is not a subject to consideration in the order of administrative proceedings. On 26 March 2024, Group appealed the court's ruling.

On 03 May 2024, the Board of Appeals of the Almaty court upheld the contested court ruling. The ruling was issued in final form on 10 May 2024. On 3 June 2024, Group appealed the judicial acts of the first and appellate instance in cassation.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****24. COMMITMENTS AND CONTINGENT LIABILITIES (continued)****Antitrust investigation (continued)**

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

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

The Republican antimonopoly office was expected to respond by 6 February 2024. A response has been received denying the complaint. On 15 February 2024, an administrative claim was filed with the Almaty Specialized Inter-District Administrative Court. The court's decision of 16 April (finalised on 17 April) was to deny the claim.

On 13 June 2024, Kcell filed an appeal against the decision of the court of first instance. The date of the hearing in the court of appeal will be set in due course.

Furthermore, on 6 March 2024, an administrative complaint was filed with the Agency for competition protection and development. The antimonopoly authority refused to satisfy Group's complaint. The Group has filed an administrative claim on 26 April 2024. Group's claim was dismissed by the decision of the Specialized Interdistrict Administrative Court of Almaty dated 29 May 2024 and finalized on 10 June 2024.

The Almaty City Court's decision of 17 September 2024 upheld the ruling of the court of first instance.

The Management of the Group assessed the risk of the violation of the antimonopoly law as possible and accordingly has not accrued provision for losses in relation to any of the abovementioned investigations and notices as of 30 September 2024.

**Notifications of the Mobile Telecom-Service LLP**

During the six months ended 30 September 2024 Mobile Telecom-Service LLP (MTS) sent an additional notifications to Kcell with request to pay the fine in the amount of 15,017 million tenge in the connection of non-fulfilment of obligations by Kcell under the network sharing agreement for six months ended 30 September 2024.

In addition to the above mentioned violation, during April-June 2024 MTS and Kcell notified each other on withdrawal from certain regions due to the failure to eliminate the Critical Failure (situation when failure to meet the deadlines for the launch of more than 40% of the sites in the responsible region ) within three months from the date of notification of the Critical Failure. Under the MOCN Agreement the companies are required to reimburse costs for the construction of the sites in the respective regions where Critical Failure was not resolved in a timely manner.

Currently the companies are in process of negotiation to resolve the dispute that arose under the agreement and to conclude a Mediation Agreement. The management of the Group believes that provisions accrued as of the balance sheet date are sufficient to cover any future outflows to settle liabilities under the MOCN agreement.

**25. SUBSEQUENT EVENTS**

In the period from 1 October to 8 November 2024 inclusive, the Group received a loan from JSC Nurbank in the amount of 1,200 million tenge at 15.02%. During the same period, the Group repaid loans from JSC Halyk Bank of Kazakhstan in the amount of 2,038 million tenge at 16.25% per annum, as well as loans from Bank of China JSC in Kazakhstan in the total amount of 15,000 million tenge at 14.75% and a loan from JSC Nurbank in the amount of 1,200 million at 15.02%.

The Group approved an increase in the bond program to 100,000 million tenge at the Astana International Exchange (Astana International Exchange JSC). As part of this program, on October 24, 2024, the Group placed the fourth tranche with a nominal value of 15,000 million tenge for a period of 36 months at 14.75% per annum.