



Kcell JSC

Interim condensed consolidated
financial statements (unaudited)

30 June 2024

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Interim condensed consolidated financial statements (unaudited)

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Report on review of interim consolidated financial information

To the Shareholders, Board of Directors and Management of “Kcell” JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of “Kcell” JSC and its subsidiary (“the Group”), which comprise the interim consolidated statement of financial position as at 30 June 2024, the related interim consolidated statement of comprehensive income for the three- and six-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of “Kcell” JSC and its subsidiary is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP



Adil Syzdykov
Auditor



Auditor Qualification Certificate
No. МФ 0000172 dated 23 December 2013

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

14 August 2024



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on the
territory of the Republic of Kazakhstan:
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Ministry of finance of the Republic of
Kazakhstan on 15 July 2005

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

| <i>In millions of tenge</i> | Notes | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
|--|-------|--------------------------------|----------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property and equipment | 6 | 179,876 | 156,113 |
| Intangible assets | 7 | 118,346 | 123,824 |
| Investment property | 6 | 307 | 339 |
| Advances paid for non-current assets | | 39 | 176 |
| Right-of-use assets | 13 | 45,360 | 41,162 |
| Long-term trade receivables | 8 | 3,614 | 1,523 |
| Costs to obtain contracts | | 713 | 674 |
| Deferred tax assets | | 4,634 | 4,148 |
| Total non-current assets | | 352,889 | 327,959 |
| Current assets | | | |
| Inventories | 9 | 8,307 | 9,009 |
| Trade receivables | 8 | 25,301 | 32,723 |
| Other current non-financial assets | 10 | 5,885 | 7,826 |
| Other current financial assets | | 1,452 | 2,167 |
| Prepaid income tax | | - | 545 |
| Cash and cash equivalents | 11 | 7,186 | 11,031 |
| Total current assets | | 48,131 | 63,301 |
| Total assets | | 401,020 | 391,260 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 5 | 33,800 | 33,800 |
| Additional paid-in capital | | 1,260 | 1,260 |
| Retained earnings | | 141,949 | 136,458 |
| Total equity | | 177,009 | 171,518 |
| Non-current liabilities | | | |
| Borrowings: non-current portion | 12 | 46,653 | 77,514 |
| Long-term lease liabilities | 13 | 41,440 | 38,261 |
| Government grants: non-current portion | 17 | 17,785 | 14,391 |
| Long-term trade payables | 14 | 5,072 | 7,339 |
| Asset retirement obligations | | 4,365 | 3,676 |
| Total non-current liabilities | | 115,315 | 141,181 |
| Current liabilities | | | |
| Borrowings: current portion | 12 | 50,171 | 7,353 |
| Short-term lease liabilities | 13 | 5,488 | 5,296 |
| Government grant: current portion | 17 | 4,800 | 3,746 |
| Trade payables | 14 | 26,159 | 40,996 |
| Financial guarantee obligations | 15 | 13 | 44 |
| Contract liabilities | 18 | 8,454 | 9,861 |
| Provisions | 16 | 5,597 | 2,062 |
| Due to employees | | 6,304 | 5,952 |
| Income tax payable | | 759 | - |
| Taxes payable other than income tax | | 951 | 3,251 |
| Total current liabilities | | 108,696 | 78,561 |
| Total liabilities | | 224,011 | 219,742 |
| Total equity and liabilities | | 401,020 | 391,260 |

Chairman of the Management Board & Chief Executive Officer

Chief Financial Officer

Chief Accountant


 Zhanbakin

 Mulashev

 Ghasanova


 Kcell



The accounting policies and notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| In millions of tenge | Notes | For the three months ended 30 June | | For the six months ended 30 June | |
|--|-------|------------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | | 2024 (unaudited) | 2023 (unaudited, restated*) | 2024 (unaudited) | 2023 (unaudited, restated*) |
| Revenue from contract with customers | 18 | 59,850 | 50,346 | 116,882 | 107,480 |
| Income from government grants | 17 | 1,464 | 848 | 2,927 | 1,697 |
| Cost of sales | 19 | (48,254) | (37,925) | (90,318) | (72,853) |
| Gross profit | | 13,060 | 13,269 | 29,491 | 36,324 |
| General and administrative expenses | | (2,350) | (1,850) | (4,866) | (4,427) |
| Impairment of financial assets | 8 | (1,083) | (1,414) | (2,429) | (2,280) |
| Selling expenses | | (1,186) | (1,179) | (2,110) | (2,590) |
| Other operating income | | - | 1 | 130 | 163 |
| Other operating expenses | | (780) | (858) | (4,177) | (1,025) |
| Operating profit | | 7,661 | 7,969 | 16,039 | 26,165 |
| Finance costs | 20 | (6,437) | (2,863) | (11,377) | (4,647) |
| Finance income | 20 | 1,551 | 1,535 | 1,891 | 3,257 |
| Foreign exchange gain/(loss), net | | 133 | (87) | 465 | (935) |
| Profit before tax | | 2,908 | 6,554 | 7,018 | 23,840 |
| Income tax expenses | 21 | (740) | (1,485) | (1,527) | (5,960) |
| Profit for the period | | 2,168 | 5,069 | 5,491 | 17,880 |
| Total comprehensive income for the period, net of tax | | 2,168 | 5,069 | 5,491 | 17,880 |
| Earnings per share | | | | | |
| Basic and diluted, tenge | 5 | 10.84 | 25.35 | 27.46 | 89.40 |

* Certain numbers shown here do not correspond to the consolidated statement of comprehensive income for the three and six months ended 30 June, 2023 and reflect adjustments made, refer to Note 19.

Chairman of the Management Board & Chief Executive Officer

Chief Financial Officer

Chief Accountant



Chairman of the Management Board & Chief Executive Officer: *Danir Zhambakin*

Chief Financial Officer: *Danir Mulla Shev*

Chief Accountant: *El Khassanova*

The accounting policies and notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six months ended 30 June 2024**

| <i>In millions of tenge</i> | Share Capital | Additional paid-in capital | Retained earnings | Total equity |
|---|---------------|----------------------------|-------------------|----------------|
| Balance at 1 January 2023 (audited) | 33,800 | 1,260 | 103,561 | 138,621 |
| Net profit for the period (unaudited) | - | - | 17,880 | 17,880 |
| Other comprehensive income (unaudited) | - | - | - | - |
| Total comprehensive income (unaudited) | - | - | 17,880 | 17,880 |
| At 30 June 2023 (unaudited) | 33,800 | 1,260 | 121,441 | 156,501 |
| Balance at 1 January 2024 (audited) | 33,800 | 1,260 | 136,458 | 171,518 |
| Net profit for the period (unaudited) | - | - | 5,491 | 5,491 |
| Other comprehensive income (unaudited) | - | - | - | - |
| Total comprehensive income (unaudited) | - | - | 5,491 | 5,491 |
| At 30 June 2024 (unaudited) | 33,800 | 1,260 | 141,949 | 177,009 |

Chairman of the Management Board & Chief Executive Officer

Chief Financial Officer

Chief Accountant



The accounting policies and notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the six months ended 30 June 2024**

| <i>In millions of tenge</i> | Notes | For the six months ended 30 June | |
|--|-------|----------------------------------|---------------------|
| | | 2024 (unaudited) | 2023 (unaudited) |
| Cash flows from operating activities | | | |
| Profit before tax | | 7,018 | 23,840 |
| Adjustments for: | | | |
| Impairment of financial assets | 8 | 2,429 | 2,280 |
| Finance costs | | 11,377 | 4,647 |
| Provisions | | 3,535 | 1,049 |
| Depreciation of property and equipment and right-of-use assets | 6, 13 | 13,453 | 9,727 |
| Amortization of intangible assets | 7 | 11,089 | 7,491 |
| Write-off of inventories to net realizable value | 9 | 350 | - |
| Income from accounts payable write-off | | (48) | - |
| Finance income | | (1,891) | (3,257) |
| Loss on disposal of property and equipment, intangible assets | | 62 | 117 |
| Income from government grants | 17 | (2,927) | (1,697) |
| Foreign exchange gain/(loss), net | | (448) | 935 |
| Operating cash flows before working capital changes | | 43,999 | 45,132 |
| Change in inventories | | 352 | (2,585) |
| Change in trade receivables | | 3,788 | (1,710) |
| Change in other current non-financial assets | | 1,941 | (4,215) |
| Change in other current financial assets | | 715 | 127 |
| Change in cost to obtain contracts | | (39) | (14) |
| Change in trade payables | | (6,812) | 4,481 |
| Change in due to employees | | 352 | 299 |
| Change in contract liabilities | | (1,407) | 2,212 |
| Change in taxes payable other than income tax | | 7,366 | 7,494 |
| Cash flows generated from operations | | 50,255 | 51,221 |
| Income tax paid | | (3,000) | (3,480) |
| Interest received | | 463 | 2,324 |
| Interest paid | | (10,263) | (4,115) |
| Net cash flows received from operating activities | | 37,455 | 45,950 |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | | (34,717) | (20,930) |
| Purchase of intangible assets | | (14,253) | (88,765) |
| Proceeds from disposal of property and equipment | | 40 | - |
| Proceeds from redemption of financial assets at amortised cost | | - | 49,358 |
| Purchase of financial assets at amortised cost | | - | (34,545) |
| Other expenses | | (2) | (2) |
| Net cash flows used in investing activities | | (48,932) | (94,884) |

The accounting policies and notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

| <i>In millions of tenge</i> | Notes | For the six months ended 30 June | |
|---|-------|----------------------------------|---------------------|
| | | 2024 (unaudited) | 2023 (unaudited) |
| Cash flows from financing activities | | | |
| Proceeds from loans | 12 | 99,939 | 18,080 |
| Repayment of loans | 12 | (87,954) | (5,000) |
| Repayment of principal portion of lease liabilities | 13 | (4,370) | (2,860) |
| Net cash flows received from financing activities | | 7,615 | 10,220 |
| Net decrease in cash and cash equivalents | | (3,862) | (38,714) |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | | 17 | (806) |
| Cash and cash equivalents at the beginning of the period | | 11,031 | 46,248 |
| Cash and cash equivalents at the end of the period | 11 | 7,186 | 6,728 |

Chairman of the Management Board & Chief Executive Officer

Chief Financial Officer

Chief Accountant



The accounting policies and notes on pages 6 to 22 are an integral part of these interim condensed consolidated financial statements (unaudited)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six months ended 30 June 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 June 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 controlling shares. Issued shares of the Company are listed on the Kazakhstan Stock Exchange (KASE).

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

| | 30 June 2024 | 31 December 2023 |
|--|-------------------------|---------------------|
| Kazakhtelecom JSC | 51.00% | 51.00% |
| Yesenov G. Sh. | 14.87% | 14.87% |
| First Heartland Jusan Bank JSC | 9.08% | 9.08% |
| Single accumulative pension fund JSC | 7.06% | 7.06% |
| Turlov T.R. | 2.62% | 2.19% |
| FREEDOM FINANCE LIFE JSC | 1.69% | 1.80% |
| Public company FREEDOM FINANCE GLOBAL | 1.56% | 2.31% |
| Raiffeisenbank JSC | 1.54% | 1.54% |
| FREEDOM FINANCE KAZAKHSTAN JSC | 1.42% | 0.00% |
| KAZPOST JSC | 1.23% | 2.36% |
| Private company TURLOV PRIVATE HOLDING LTD | 1.20% | 0.23% |
| Freedom Finance JSC | 1.04% | 0.03% |
| WISDOMPOINT CAPITAL LTD | 0.56% | 1.05% |
| ZHASYL DAMU JSC | - | 2.59% |
| FREEDOM SECURITIES TRADING INC. | - | 0.66% |
| Other | 5.13% | 3.23% |
| | 100.00% | 100.00% |

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

| | 30 June 2024 (unaudited) | 31 December 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 14 August 2024.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 30 June 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 June 2024, the Group's current liabilities exceeded its current assets by 60,565 million tenge. The Group's current liabilities mainly comprise short-term loans and borrowings in the amount of 50,171 million tenge, trade and other payables in the amount of 26,159 million tenge, taxes payable in the amount of 951 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 June 2024 | 31 December 2023 |
|---------------|-------------------------|---------------------|
| US dollar | 471.46 | 454.56 |
| Euro | 504.79 | 502.24 |
| Russian ruble | 5.53 | 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 June 2024 and 31 December 2023, the shareholders of the Company are presented as follow:

| | 30 June 2024 | | 31 December 2023 | |
|--|----------------|--------------------|------------------|--------------------|
| | Share | Number of shares | Share | Number of shares |
| Kazakhtelecom JSC | 51.00% | 102,000,000 | 51.00% | 102,000,000 |
| Yesenov G.Sh. | 14.87% | 29,745,215 | 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 | 7.06% | 14,116,287 | 7.06% | 14,116,287 |
| Turlov T.R. | 2.62% | 5,243,430 | 2.19% | 4,371,680 |
| FREEDOM FINANCE LIFE JSC | 1.69% | 3,374,609 | 1.80% | 3,608,386 |
| Public company FREEDOM FINANCE GLOBAL | 1.56% | 3,120,392 | 2.31% | 4,623,103 |
| Raiffeisenbank JSC | 1.54% | 3,070,664 | 1.54% | 3,070,664 |
| FREEDOM FINANCE KAZAKHSTAN JSC | 1.42% | 2,833,587 | 0.00% | - |
| KAZPOST JSC | 1.23% | 2,456,391 | 2.36% | 4,727,726 |
| Private company TURLOV PRIVATE HOLDING LTD | 1.20% | 2,399,021 | 0.23% | 467,449 |
| Freedom Finance JSC | 1.04% | 2,089,706 | 0.03% | 60,160 |
| WISDOMPOINT CAPITAL LTD | 0.56% | 1,121,327 | 1.05% | 2,102,447 |
| ZHASYL DAMU JSC | - | - | 2.59% | 5,188,973 |
| FREEDOM SECURITIES TRADING INC. | - | - | 0.66% | 1,319,171 |
| Other | 5.13% | 10,261,618 | 3.23% | 6,430,986 |
| | 100.00% | 200,000,000 | 100.00% | 200,000,000 |

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

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

| | For the three months ended | | Six months ended | |
|---|----------------------------|--------------|------------------|--------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2024 | 30 June 2023 |
| <i>In millions of tenge</i> | | | | |
| Profit for the period attributable to equity shareholders | 2,168 | 5,069 | 5,491 | 17,880 |
| Weighted average number of ordinary shares | 200,000,000 | 200,000,000 | 200,000,000 | 200,000,000 |
| Earnings per share (tenge), basic and diluted | 10.84 | 25.35 | 27.46 | 89.40 |

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 June 2024 and 31 December 2023 is presented below

| | 30 June 2024 | 31 December 2023 |
|---|---------------|------------------|
| <i>In millions of tenge</i> | | |
| Net assets, excluding intangible assets | 58,663 | 47,694 |
| Number of ordinary shares in issue | 200,000,000 | 200,000,000 |
| Cost of ordinary share, calculated in accordance with listing requirements of the KASE (tenge) | 293.32 | 238.47 |

During the six months ended 30 June 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 six-months period ended 30 June 2024, additions to property and equipment totaled to 19,366 and 33,480 million tenge respectively (during the three and six-months period ended 30 June 2023: 22,880 and 24,118 million tenge respectively).

During the three and six-months period ended 30 June 2024, transfers from construction-in-progress to property and equipment amounted to 11,360 and 19,841 million tenge respectively (during the three and six-months period ended 30 June 2023: 1,712 and 2,988 million tenge respectively).

During the three and six-months period ended 30 June 2024, the Group recognized depreciation expense in the amount of 5,151 and 9,910 million tenge respectively (during the three and six-months period ended 30 June 2023: 3,325 and 6,812 million tenge respectively).

During the six-months period ended 30 June 2024, the Group recognized an increase in changes in estimates in assets retirement obligation in the amount 280 million tenge (during the six-months period ended 30 June 2023: the decrease in the amount of 366 million tenge).

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

As of 30 June 2024, prepayments for certain property and equipment mainly represented by equipment for base stations amounted to 39 million tenge (31 December 2023: 176 million tenge).

As of 30 June 2024, the gross carrying value of property and equipment which has been fully depreciated and still in use, was 182,822 million tenge were (as of 31 December 2023: 190,204 million tenge)

During the six months period ended 30 June 2024, the Group has written off property and equipment with net book value in the amount of 1.6 million tenge (during the six-months period ended 30 June 2023: 387 million tenge)

7. INTANGIBLE ASSETS

As of 30 June 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 six-months period ended 30 June 2024, the Group acquired intangible assets in the amount of 1,526 and 5,611 million tenge respectively (during three and six-months period ended 30 June 2023: 13,998 and 93,593 million tenge respectively).

During the three and six-months period ended 30 June 2024, the Group recognized amortization expense in the amount of 5,665 and 11,089 million tenge respectively (during three and six-months period ended 30 June 2023: 4,245 and 7,491 million tenge respectively).

As of 30 June 2024, the carrying amount of 5G license was 72,832 million tenge (31 December 2023: 75,434 million tenge) and its remaining amortization period was 14 years. As of 30 June 2024, the carrying amount of the 4G license was 11,411 million tenge (31 December 2023: 12,277 million tenge) and its remaining amortization period was 6 years. As of 30 June 2024, the carrying amount of 3G license was 500 million tenge (31 December 2023: 666 million tenge) and its remaining amortization period was 1 year.

As of 30 June 2024, the gross carrying value of intangible assets, which have been fully amortized and still in use, was 30,426 million tenge (31 December 2023: 39,769 million tenge). During the six months period ended 30 June 2024, the Group has written off the fully amortized intangible assets with initial cost in the amount of 12,075 million tenge (during the six months period ended 30 June 2023: nil)

As of 30 June 2024, the carrying value of intangible assets represented by internally developed digital products included in the development costs amounted to 3,190 million tenge (31 December 2023: 2,634 million tenge). Cost 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 June 2024 and 31 December 2023, trade receivables comprised of the following:

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|---|-------------------------------------|---------------------|
| Trade receivables from subscribers | 26,570 | 29,568 |
| Trade receivables from interconnect services | 1,522 | 3,322 |
| Trade receivables from dealers and distributors | 827 | 801 |
| Trade receivables from roaming operators | 571 | 439 |
| Trade receivables from related parties (Note 22) | 6,648 | 4,946 |
| Less: allowance for expected credit losses | (7,223) | (4,830) |
| | 28,915 | 34,246 |
| Less: long-term portion of trade receivables from subscribers | (3,614) | (1,523) |
| | 25,301 | 32,723 |

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

| <i>In millions of tenge</i> | Six months ended 30 June 2024 (unaudited) | Six months ended 30 June 2023 (unaudited) |
|--|--|--|
| Allowance for expected credit losses at the beginning of the period | (4,830) | (12,915) |
| Charge for the period | (2,429) | (2,280) |
| Write-off for the period | 36 | – |
| Allowance for expected credit losses at the end of the period | (7,223) | (15,195) |

During the three months ended 30 June 2024 the Group recognized 1,083 million tenge additional provision of an allowance for expected credit losses (during the three months ended 30 June 2023: 1,414 million tenge).

9. INVENTORIES

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

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|--|-------------------------------------|---------------------|
| Handsets and accessories (at lower of cost and net realizable value) | 7,097 | 7,501 |
| Start packages (at cost) | 290 | 330 |
| SIM-cards (at cost) | 153 | 147 |
| Marketing materials (at cost) | 50 | 97 |
| Other materials (at cost) | 717 | 934 |
| | 8,307 | 9,009 |

During the six-month period ended 30 June 2024, the Group recognized as an expense 350 million tenge (during the six-month period ended 30 June 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 June 2024 and 31 December 2023, other current non-financial assets comprised of the following:

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|---------------------------------------|-------------------------------------|---------------------|
| Advances paid | 3,669 | 3,497 |
| Prepaid taxes other than income taxes | 1,082 | 2,847 |
| Prepaid expenses | 1,034 | 913 |
| VAT recoverable | 100 | 569 |
| | 5,885 | 7,826 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. CASH AND CASH EQUIVALENTS

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

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|---|-------------------------------------|---------------------|
| Bank deposits with original maturity of less than 90 days | 6,116 | 9,143 |
| Cash on current bank accounts | 1,065 | 1,883 |
| Cash on hand | 5 | 5 |
| | 7,186 | 11,031 |

As of 30 June 2024, short-term bank deposits include overnight deposits in tenge in Halyk Bank JSC at interest rate 14.00% in the amount of 3,450 million tenge, and deposit in USD at interest rate 3.0% in the amount of 34,650 USD.

Additionally, Kcell JSC placed deposits totaling 5.62 million USD in Kazpost JSC from 24 June 2024, to 24 July 2024, at an interest rate of 4%.

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

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|-----------------------------|---|---------------------|
| Tenge | 4,507 | 8,901 |
| US dollars | 2,669 | 2,123 |
| Euro | 6 | 2 |
| Russian roubles | 4 | 4 |
| Other currency | – | 1 |
| | 7,186 | 11,031 |

12. BORROWINGS

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

| <i>In millions of tenge</i> | Currency | Effective interest rate | Maturity date | 30 June 2024 (unaudited) | 31 December 2023 |
|--------------------------------|----------|----------------------------|----------------------------------|-------------------------------------|---------------------|
| AIX Bonds | Tenge | 15.50% | June 2025 September 2026 | 25,248 | – |
| Nurbank JSC | Tenge | 16.60% | 2026 | 17,672 | 10,909 |
| Halyk Bank of Kazakhstan JSC | Tenge | 18.10% | March 2027 | 16,218 | – |
| AIX Bonds | Tenge | 15.50% | April 2027 February 2026 | 15,565 | – |
| Bank of China Kazakhstan JSC | Tenge | 18.70% | 2026 February | 12,937 | 13,000 |
| Halyk Bank of Kazakhstan JSC | Tenge | 18.70% | 2027 | 6,718 | – |
| Halyk Bank of Kazakhstan JSC | Tenge | 18.10% | April 2027 | 1,040 | – |
| Halyk Bank of Kazakhstan JSC | Tenge | 18.70% | January 2027 November 2024 | 928 | – |
| First Heartland Jusan Bank JSC | Tenge | 11.60% | 2024 September | 498 | 512 |
| Halyk Bank of Kazakhstan JSC | Tenge | 18.50% | 2026 December | – | 22,896 |
| Halyk Bank of Kazakhstan JSC | Tenge | 17.75% | 2026 November | – | 12,642 |
| Halyk Bank of Kazakhstan JSC | Tenge | 18.00% | 2026 | – | 9,254 |
| Halyk Bank of Kazakhstan JSC | Tenge | 18.00% | October 2026 December | – | 6,002 |
| Nurbank JSC | Tenge | 17.27% | 2024 November | – | 4,091 |
| Halyk Bank of Kazakhstan JSC | Tenge | 17.75% | 2026 | – | 3,466 |
| Bank of China Kazakhstan JSC | Tenge | 11.10% | June 2024 | – | 2,095 |
| | | | | 96,824 | 84,867 |
| Less: non-current portion | | | | (46,653) | (77,514) |
| | | | | 50,171 | 7,353 |

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

The Group's borrowings and bonds 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 June 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 six months period ended 30 June 2024, the Group received tranches within the credit line in the amount of 41,939 million tenge with a repayment period of 36 months and an effective interest rate of 18.10%-19.20%. During 2024, the Group repaid KZT 70,954 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.

First Heartland Jusan Bank JSC

On 10 November 2021, the Group and First Heartland Jusan Bank JSC, one of the shareholders of the Company, signed a credit line agreement in the amount of 60,500 million tenge. On 11 November 2021 two tranches were received from First Heartland Jusan Bank JSC in the amount of 22,000 million tenge and 12,000 million tenge with a nominal 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 6,500 million tenge with a nominal 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 three tranches total discount in the amount of 1,260 million tenge was recognised within equity as the additional paid-in capital.

On August 2, 2023, the Group received a letter from First Heartland Jusan Bank JSC with a request to carry out full early release under the Loan Agreement until August 25, 2023, due to the fact that the Group became an affiliate of First Heartland Jusan Bank JSC. On September 8, 2023, the Group repaid the debt in the amount of 40,000 million tenge, the balance of the debt as of 31 December 2023 is 500 million tenge at a rate of 11% per annum, with a repayment period until November 10, 2024.

Bank of China Kazakhstan JSC

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

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.

AIX 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, during the six months period ended 30 June 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 15.50%) for a period of 36 and 12 months respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. BORROWINGS (continued)

Covenants

The Group's non-current borrowings include borrowings amounting to 49,464 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 June 2024 the Group complied with all the covenants that were required to be met on or before 30 June 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> | Total |
|---------------------------------------|-----------------|
| Cost | |
| As at 1 January 2023 (audited) | 33,316 |
| Additions | 5,922 |
| Modification | 625 |
| Cancellation | (154) |
| As at 30 June 2023 | 39,709 |
| As at 1 January 2024 (audited) | 64,988 |
| Additions | 6,069 |
| Modification | 1,672 |
| As at 30 June 2024 | 72,729 |
| Accumulated depreciated | |
| As at 1 January 2023 | (18,232) |
| Depreciation charge | (2,915) |
| Cancellation | 5 |
| As at 30 June 2023 | (21,142) |
| As at 1 January 2024 | (23,826) |
| Depreciation charge | (3,543) |
| As at 30 June 2024 | (27,369) |
| Net book value | |
| As at 31 December 2023 | 41,162 |
| As at 30 June 2024 | 45,360 |

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

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 30 June 2023 (unaudited) |
|-------------------------------------|-------------------------------------|-----------------------------|
| At the beginning of the year | 43,557 | 17,837 |
| Interest expenses | 2,852 | 1,545 |
| Payments | (7,222) | (4,405) |
| Additions | 6,069 | 5,922 |
| Modification | 1,672 | 625 |
| Cancellations | - | (150) |
| At the end of the period | 46,928 | 21,374 |
| Short-term | 5,488 | 6,571 |
| Long-term | 41,440 | 14,803 |

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 June | | For six months ended 30 June | |
|---|--------------------------------|---------------------|------------------------------|---------------------|
| | 2024 (unaudited) | 2023 (unaudited) | 2024 (unaudited) | 2023 (unaudited) |
| Depreciation expense of right-of-use assets | 2,053 | 1,354 | 3,543 | 2,915 |
| Interest expense on lease liabilities (Note 20) | 2,274 | 602 | 2,852 | 1,545 |
| | 4,327 | 1,956 | 6,395 | 4,460 |

14. TRADE PAYABLES

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

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|---|-----------------------------|---------------------|
| Trade payables to third parties | 26,012 | 43,868 |
| Trade payables to related parties (Note 22) | 5,219 | 4,467 |
| | 31,231 | 48,335 |
| Less: long-term portion of trade payables | (5,072) | (7,339) |
| | 26,159 | 40,996 |

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

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|-----------------------------|-----------------------------|---------------------|
| EUR | 15,742 | 21,251 |
| Tenge | 13,371 | 25,481 |
| US Dollars | 1,771 | 1,561 |
| Other currencies | 347 | 42 |
| | 31,231 | 48,335 |

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 June 2024, financial guarantee obligation equaled to 13 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 June 2024 and 31 December 2023 amount of provisions comprised of the following:

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 31 December 2023 |
|--|-----------------------------|---------------------|
| Fines and penalties on contractual obligations | 5,597 | 2,062 |
| | 5,597 | 2,062 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. GOVERNMENT GRANTS

| <i>In millions of tenge</i> | 30 June 2024 (unaudited) | 30 June 2023 (unaudited) |
|--|-------------------------------------|-----------------------------|
| Government grants as at 1 January | 18,137 | 11,268 |
| Received during the period | 7,375 | 4,078 |
| Released to comprehensive income | (2,927) | (1,697) |
| Government grants as at 30 June | 22,585 | 13,649 |
| Government grants: current portion | 4,800 | 2,237 |
| Government grants: non-current portion | 17,785 | 11,412 |

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 six months ended 30 June 2024 and the six months ended 30 June 2023 in the amount of 7,375 million tenge and 4,078 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 June 2024, the balance of deferred income recognized was equal to 22,585 million tenge (31 December 2023: 18,137 million tenge), and part of the government grants released to the profit and loss over the six month ended 30 June 2024 necessary to match the related depreciation charges equals to 2,927 million tenge (six month ended 30 June 2023: 1,697 million tenge).

As of 30 June 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 ended 30 June | | For the six months ended 30 June | |
|--------------------------------|---|----------------------------------|---|----------------------------------|
| | 2024 (unaudited) | 2023 (unaudited restated*) | 2024 (unaudited) | 2023 (unaudited restated*) |
| Voice and data services | 46,353 | 39,520 | 90,177 | 82,407 |
| Sale of handsets and equipment | 10,408 | 7,104 | 18,532 | 16,672 |
| Value added services | 2,083 | 2,854 | 5,434 | 5,505 |
| Other | 1,006 | 868 | 2,739 | 2,896 |
| | 59,850 | 50,346 | 116,882 | 107,480 |
| Over time | 49,442 | 43,242 | 98,350 | 90,808 |
| At a point of time | 10,408 | 7,104 | 18,532 | 16,672 |
| | 59,850 | 50,346 | 116,882 | 107,480 |

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

As at 30 June 2024 and 31 December 2023, the contract liabilities in the amount of 8,454 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

| In millions of tenge | For the three months ended 30 June | | For the six months ended 30 June | |
|---------------------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 2024 (unaudited) | 2023 (unaudited restated)* | 2024 (unaudited) | 2023 (unaudited restated*) |
| Depreciation and amortization | 12,283 | 8,723 | 23,392 | 16,582 |
| Cost of SIM-card and handsets | 11,016 | 7,345 | 18,012 | 14,536 |
| Personnel costs | 4,576 | 4,177 | 9,105 | 8,066 |
| Fees for use of frequency range | 4,580 | 2,977 | 9,004 | 5,515 |
| Transmission services | 3,735 | 3,495 | 7,402 | 6,945 |
| Interconnect fees and expenses | 3,511 | 4,237 | 6,736 | 7,922 |
| Repair and maintenance | 3,241 | 3,064 | 6,103 | 5,256 |
| Network sharing agreement | 1,991 | 1,233 | 3,709 | 2,421 |
| Electricity | 1,596 | 1,213 | 3,330 | 2,336 |
| Mobile service tax | 510 | 416 | 1,019 | 960 |
| Security and safety | 84 | 93 | 170 | 183 |
| Materials | 44 | 30 | 94 | 53 |
| Content provider expense | – | 521 | – | 521 |
| Other | 1,087 | 401 | 2,242 | 1,557 |
| | 48,254 | 37,925 | 90,318 | 72,853 |

* The group revised its judgement in relation to certain buildings, software, and server equipment concluding that they relate to production costs by nature, depreciation and amortization expenses in the amount of 770 and 1,544 million tenge for the three and six months ended 30 June 2023 respectively, were reclassified from general and administrative expenses to cost of sales to comply with current year presentation. Also, 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 six months ended 30 June 2023 were reclassified from general and administrative expenses to cost of sales by 503 million tenge in accordance with the presentation of the current year

20. FINANCE COSTS / FINANCE INCOME

| In millions of tenge | For the three months ended 30 June | | For the six months ended 30 June | |
|---|------------------------------------|---------------------|----------------------------------|---------------------|
| | 2024 (unaudited) | 2023 (unaudited) | 2024 (unaudited) | 2023 (unaudited) |
| Finance costs | | | | |
| Interest expense on loans and unwinding of discount | 4,067 | 1,973 | 7,908 | 2,814 |
| Interest on lease liabilities (Note 13) | 2,274 | 602 | 2,852 | 1,545 |
| Unwinding of discount (provision for decommissioning liability) | – | 288 | 409 | 288 |
| Other | 96 | – | 208 | – |
| | 6,437 | 2,863 | 11,377 | 4,647 |
| Finance income | | | | |
| Unwinding of discount of trade receivables | 665 | 582 | 778 | 582 |
| Initial recognition of discount on loans | 502 | – | 502 | – |
| Interest income on cash balances and deposit | 298 | 676 | 463 | 1,704 |
| Penalty income from late payments for contract phones | 51 | 203 | 108 | 203 |
| Unwinding of issued financial guarantee | 31 | 33 | 31 | 72 |
| Interest income on financial assets at amortised cost | – | – | – | 642 |
| Other | 4 | 41 | 9 | 54 |
| | 1,551 | 1,535 | 1,891 | 3,257 |

21. INCOME TAX EXPENSE

| In millions of tenge | For the three months ended 30 June | | For the six months ended 30 June | |
|-----------------------------|------------------------------------|---------------------|----------------------------------|---------------------|
| | 2024 (unaudited) | 2023 (unaudited) | 2024 (unaudited) | 2023 (unaudited) |
| Current income tax expense | 969 | 3,058 | 2,013 | 7,533 |
| Deferred income tax expense | (229) | (1,573) | (486) | (1,573) |
| | 740 | 1,485 | 1,527 | 5,960 |

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 June 2024, the Group recognized an allowance for expected credit losses in the amount of 484 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 controlling 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 June 2024 and 2023, and the balances with related parties as at 30 June 2024 and 2023, were as follows:

| <i>In millions of tenge</i> | For the three months ended 30 June | | For the six months ended 30 June | |
|---|------------------------------------|---------------------|----------------------------------|---------------------|
| | 2024 (unaudited) | 2023 (unaudited) | 2024 (unaudited) | 2023 (unaudited) |
| Sales of goods and services | | | | |
| Entities of Samruk Kazyna Group | 129 | 93 | 277 | 169 |
| Entities of Kazakhtelecom Group | 6,703 | 3,163 | 13,052 | 6,212 |
| Government entities | 86 | 101 | 167 | 200 |
| | 6,918 | 3,357 | 13,496 | 6,581 |
| Purchases of goods and services | | | | |
| Entities of Samruk Kazyna Group | 163 | 131 | 321 | 270 |
| Entities of Kazakhtelecom Group | 14,329 | 7,358 | 27,212 | 13,657 |
| Government entities | 123 | 44 | 268 | 50 |
| | 14,615 | 7,533 | 27,801 | 13,977 |
| Finance expense | | | | |
| Entities of Samruk Kazyna Group | 813 | - | 813 | - |
| Other shareholders | 28 | 1,305 | 42 | 2,412 |
| | 841 | 1,305 | 855 | 2,412 |
| <i>In millions of tenge</i> | | | 30 June 2024 (unaudited) | 31 December 2023 |
| Trade receivables (Note 8) | | | | |
| Entities of Samruk Kazyna Group | | | 349 | 259 |
| Entities of Kazakhtelecom Group | | | 5,708 | 4,327 |
| Government entities | | | 591 | 360 |
| | | | 6,648 | 4,946 |
| Trade payables (Note 14) | | | | |
| Entities of Samruk Kazyna Group | | | 40 | 35 |
| Entities of Kazakhtelecom Group | | | 5,163 | 4,427 |
| Government entities | | | 16 | 5 |
| | | | 5,219 | 4,467 |
| Borrowings (Note 12) | | | | |
| Entities of Samruk Kazyna Group (AIX bonds) | | | 40,813 | - |
| Other Shareholders | | | 498 | 512 |
| | | | 41,311 | 512 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Cash and cash equivalents (Note 11)

| | | |
|---------------------------------|--------------|----------|
| Entities of Samruk Kazyna Group | 2,650 | - |
| | 2,650 | - |

22. RELATED PARTY DISCLOSURES (continued)

Compensation to key management personnel

For the six months ended 30 June 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 976 million tenge and 1,175 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 June 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 |
|--|-------------------|--|--|--|--------|
| Assets for which fair values are disclosed | | | | | |
| Short-term trade receivables | 30 June 2024 | - | - | 25,301 | 25,301 |
| Long-term trade receivables | 30 June 2024 | - | - | 3,614 | 3,614 |
| Other current financial assets | 30 June 2024 | - | - | 1,452 | 1,452 |
| Liabilities for which fair values are disclosed | | | | | |
| Borrowings | 30 June 2024 | - | - | 96,824 | 96,824 |
| Trade payables | 30 June 2024 | - | - | 31,231 | 31,231 |
| Financial guarantee obligation | 30 June 2024 | - | - | 13 | 13 |

| <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 |
|--|-------------------|--|--|--|--------|
| Assets for which fair values are disclosed | | | | | |
| 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 |
| Liabilities for which fair values are disclosed | | | | | |
| 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 June 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 amount 30 June 2024 | Fair value 30 June 2024 | Unrecognised gain/(loss) | Carrying amount 31 December 2023 | Fair value 31 December 2023 | Unrecognised gain/(loss) |
|---|---------------------------------------|-------------------------------|-----------------------------|---|-----------------------------------|-----------------------------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 7,186 | 7,186 | – | 11,031 | 11,031 | – |
| Short-term trade receivables | 25,301 | 25,301 | – | 32,723 | 32,723 | – |
| Long-term trade receivables | 3,614 | 3,611 | 3 | 1,523 | 1,523 | – |
| Other current financial assets | 1,452 | 1,452 | – | 2,167 | 2,167 | – |
| Financial liabilities | | | | | | |
| Borrowings | 96,824 | 93,506 | 3,318 | 84,867 | 85,776 | (909) |
| Trade payables | 31,231 | 31,746 | (515) | 48,335 | 48,335 | – |
| Financial guarantee obligation | 13 | 13 | – | 44 | 44 | – |
| Total unrecognised change in unrealised fair value | | | 2,806 | | | (909) |

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 June 2024, the Group had contractual commitments totaling 57,669 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.

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.

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 6 May 2024, the Appellate Board of the Almaty Court considered the Group's private complaint against the Determination of the Specialized Inter-district Administrative Court of Almaty dated March 11, 2024, following which the contested Determination was left unchanged. The Group has the right to file a cassation appeal.

On 3 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.

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.

**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. (continued)

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 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 June 2024.

Notifications of the Mobile Telecom-Service LLP

During the six months ended 30 June 2024 Mobile Telecom-Service LLP (MTS) sent an additional notifications to Kcell with request to pay the fine in the amount of 8,189 million tenge in the connection of non-fulfilment of obligations by Kcell under the network sharing agreement for six months ended 30 June 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 on 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 July 1 to July 15, 2024 inclusive, the Group repaid loans to JSC Halyk Bank of Kazakhstan in the total amount of KZT 4,100 million at 17.25% per annum and to JSC First Heartland Jusan Bank in the amount of KZT 500 million at 11% per annum.

On August 5, 2024 the Group attracted financing from Bank of China Kazakhstan JSC in the amount of 2,000 million tenge for a period of 20 months at a rate of 14.75% per annum.

July 15, 2024, Askhat Uzbekov, Chief Executive Officer, Chairman of the Board of Kcell JSC, terminated his powers, and on 18 July 2024, Askar Zhambakin was appointed by the decision of the Board of Directors.