



Kazakhtelecom JSC
Interim condensed consolidated
financial statements (unaudited)

31 March 2023

CONTENTS

Interim condensed consolidated financial statements (unaudited)

Interim condensed consolidated statement of financial position.....	1-2
Interim condensed consolidated statement of comprehensive income.....	3-4
Interim condensed consolidated statement of changes in equity.....	5
Interim condensed consolidated statement of cash flows.....	6-7
Notes to the interim condensed consolidated financial statements	8-38

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 March 2023**

<i>In thousands of tenge</i>	Note	31 March 2023 (unaudited)	31 December 2022 (audited)
Assets			
Non-current assets			
Property and equipment	5	503,176,807	501,991,438
Investment properties		1,960,242	1,976,652
Intangible assets	6	267,792,931	195,141,499
Goodwill	8	152,402,245	152,402,245
Right-of-use assets	16	64,971,142	63,294,805
Advances paid for non-current assets		33,570,968	6,830,659
Cost to obtain contracts		2,794,087	2,781,123
Cost to fulfil contracts		77,646	80,103
Other non-current non-financial assets		6,238,260	6,624,903
Other non-current financial assets	9	5,864,204	6,973,300
Deferred tax assets		1,468,335	1,470,763
Total non-current assets		1,040,316,867	939,567,490
Current assets			
Inventories		18,550,665	13,857,314
Trade receivables	10	54,136,981	45,305,186
Advances paid		7,720,522	6,206,238
Corporate income tax prepaid		3,680,591	3,944,275
Cost to fulfil contracts		660,590	690,565
Other current non-financial assets		11,535,696	12,070,418
Other current financial assets	11	4,151,485	4,374,070
Financial assets carried at amortised cost	12	-	14,832,821
Cash and cash equivalents	13	180,156,632	242,122,154
		280,593,162	343,403,041
Assets held for sale	7	-	3,763,284
Total current assets		280,593,162	347,166,325
Total assets		1,320,910,029	1,286,733,815

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Note	31 March 2023 (unaudited)	31 December 2022(audited)
Equity and liabilities			
Share capital	14	12,136,529	12,136,529
Treasury shares	14	(7,065,614)	(7,065,614)
Foreign currency translation reserve		55,252	26,183
Other reserves	14	1,820,479	1,820,479
Retained earnings		669,139,210	641,236,831
		676,085,856	648,154,408
Non-controlling interests		87,470,127	82,453,415
Total equity		763,555,983	730,607,823
Non-current liabilities			
Borrowings: non-current portion	15	219,750,168	222,858,631
Lease liabilities: non-current portion	16	28,105,553	28,360,505
Other non-current financial liabilities		341	414
Employee benefit obligations		17,752,432	16,687,529
Debt component of preferred shares		814,868	814,868
Non-current contract liabilities	17	7,428,254	7,554,205
Government grants: non-current portion	21	23,353,209	20,690,473
Asset retirement obligation		5,622,207	6,595,165
Deferred tax liabilities		29,728,849	31,521,131
Total non-current liabilities		332,555,881	335,082,921
Current liabilities			
Borrowings: current portion	15	26,473,934	25,018,246
Lease liabilities: current portion	16	13,402,668	12,465,379
Other current financial liabilities	18	21,324,631	27,616,881
Employee benefit obligations: current portion		1,755,568	1,562,857
Trade payables		104,923,189	104,832,254
Current corporate income tax payable		5,621,740	2,131,847
Current contract liabilities	19	22,763,081	26,742,107
Government grants: current portion	21	7,655,662	6,167,493
Other current non-financial liabilities	20	20,877,692	14,506,007
Total current liabilities		224,798,165	221,043,071
Total liabilities		557,354,046	556,125,992
Total equity and liabilities		1,320,910,029	1,286,733,815

Chief financial officer



Atamuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For three months period ended 31 March 2023

<i>In thousands of tenge</i>	Note	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Revenue from contracts with customers	22	163,420,577	141,745,124
Compensation for provision of universal services in rural areas	23	2,213,475	-
Income from government grants	21	1,843,780	1,361,559
		167,477,832	143,106,683
Cost of sales	24	(100,834,833)	(92,087,842)
Gross profit		66,642,999	51,018,841
General and administrative expenses		(10,928,905)	(9,942,831)
Impairment losses on financial assets	29	(1,130,949)	(1,138,259)
Gain from reversal of impairment on non-financial assets	29	126,107	163,444
Selling expenses		(3,758,359)	(2,292,804)
Gain/(loss) on disposal of property and equipment, net		(135,155)	13,002
Other operating income		1,663,922	636,824
Other operating expenses		(179,992)	(642,310)
Operating profit		52,299,668	37,815,907
Share in profits of associates	7	-	22,361
Finance costs	25	(9,798,440)	(10,537,510)
Finance income		4,528,844	3,181,226
Net foreign exchange gain		(3,536,684)	7,255,508
Profit before tax		43,493,388	37,737,492
Income tax expenses	26	(10,198,605)	(8,503,936)
Profit for the period		33,294,783	29,233,556
Attributable to:			
Equity holders of the Parent		28,278,071	25,995,920
Non-controlling interests		5,016,712	3,237,636

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

<i>In thousands of tenge</i>	Note	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Other comprehensive income/(loss)			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Foreign exchange differences from translation of financial statements of foreign subsidiaries		29,069	(26,921)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		29,069	(26,921)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Actuarial (losses)/gains under a defined benefit plan, net of tax		(375,694)	2,992,341
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		(375,694)	2,992,341
Other comprehensive (loss)/income for the period, net of tax		(346,625)	2,965,420
Total comprehensive income for the period, net of tax		32,948,158	32,198,976
Attributable to:			
Equity holders of the Parent		27,931,446	28,961,340
Non-controlling interests		5,016,712	3,237,636
		32,948,158	32,198,976
Earnings per share			
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent			
	14	2,571.65	2,364.27

Chief financial officer



Atamuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For three months period ended 31 March 2023

In thousands of tenge	Attributable to equity holders of the Parent					Total	Non-controlling interests	Total Equity
	Shares outstanding	Treasury shares	Foreign currency translation reserve	Other reserves	Retained earnings			
Note	14	14	14	14				
At 1 January 2022 (audited)	12,136,529	(7,065,614)	(18,338)	1,820,479	569,486,063	576,359,119	67,818,247	644,177,366
Net profit for the period (unaudited)	-	-	-	-	25,995,920	25,995,920	3,237,636	29,233,556
Other comprehensive income (unaudited)	-	-	(26,921)	-	2,992,341	2,965,420	-	2,965,420
Total comprehensive income (unaudited)	-	-	(26,921)	-	28,988,261	28,961,340	3,237,636	32,198,976
At 31 March 2022 (unaudited)	12,136,529	(7,065,614)	(45,259)	1,820,479	598,474,324	605,320,459	71,055,883	676,376,342
At 1 January 2023 (audited)	12,136,529	(7,065,614)	26,183	1,820,479	641,236,831	648,154,408	82,453,415	730,607,823
Net profit for the period (unaudited)	-	-	-	-	28,278,071	28,278,071	5,016,712	33,294,782
Other comprehensive income (unaudited)	-	-	29,069	-	(375,694)	(346,625)	-	(346,625)
Total comprehensive income (unaudited)	-	-	29,069	-	27,902,377	27,931,446	5,016,712	32,948,158
At 31 March 2023 (unaudited)	12,136,529	(7,065,614)	55,252	1,820,479	669,139,208	676,085,854	87,470,127	763,555,981

Chief financial officer

Chief accountant



Atamuratova L.V.

Urazimanova M.M.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For three months period ended 31 March 2023**

<i>In thousands of tenge</i>	Note	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Operating activities			
Profit before tax for the period		43,493,388	37,737,492
Adjustment for:			
Depreciation of property and equipment and right of use assets	5,16	23,917,972	23,091,712
Amortisation of intangible assets	6	7,377,930	6,857,986
Gain from reversal of impairment on non-financial assets	29	(126,107)	(163,444)
Impairment loss on financial assets	29	1,130,949	1,138,259
Net foreign exchange gain		3,536,684	(7,255,508)
Changes in employee benefit obligations		1,176,225	719,611
Write-down of inventories to net realizable value		4,615	(124,889)
Share in profits of associates	7	-	(22,361)
Finance costs	24	9,798,440	10,537,510
Finance income		(4,528,844)	(3,181,226)
Income from government grants	21	(1,843,780)	1,361,559
Loss/(gain) on disposal of property and equipment, net		135,155	(13,002)
Operating cash flows before changes in operating assets and liabilities		84,072,630	70,683,699
Changes in operating assets and liabilities			
Change in trade receivables		(10,068,407)	(5,602,800)
Change in inventories		(4,697,966)	(3,853,516)
Change in other current assets		(3,022,198)	(5,939,211)
Change in advances paid		(1,670,296)	1,635,977
Change in trade payables		(5,832,852)	(8,574,716)
Change in cost to obtain contracts and cost to fulfil contracts		19,468	(171,951)
Change in contract liabilities		(4,104,977)	193,626
Changes in other current liabilities		10,971,580	1,422,897
Cash flows from operating activities		65,666,982	49,794,005
Income tax paid		(10,295,688)	(5,440,451)
Interest paid		(6,458,826)	(9,472,703)
Interest received		3,845,210	1,408,342
Net cash flows from operating activities		52,757,678	36,289,193

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For three months period ended 31 March 2023

<i>In thousands of tenge</i>	Note	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Investing activities			
Purchase of property and equipment		(64,556,949)	(38,034,010)
Purchase of intangible assets		(55,995,157)	(5,190,012)
Proceeds from sale of property and equipment		70,398	94,150
Proceeds from the sale of a 49% stake in an associated organization		4,544,676	-
Dividends received from an associate	7	50,219	-
Placement of deposits		(423,032)	(649,440)
Purchase of financial assets at amortized cost	12	(34,544,740)	(29,777,310)
Proceeds from redemption of financial assets at amortized cost	12	49,357,750	29,777,310
Issue of long-term loans to employees		(2,616,154)	(13,203)
Repayment of loans to employees		103,839	144,241
Return of cash on deposits	9	487,133	6,869,358
Return of funds of covered bank guarantee		-	50,614
Net cash flows used in investing activities		(103,522,017)	(36,728,302)
Financing activities			
Borrowings repaid	15	(3,213,564)	(5,649,618)
Repayment of lease liabilities	16	(4,473,583)	(3,379,554)
Net cash flows used in financing activities		(7,687,147)	(9,029,172)
Effect of exchange rate changes on cash and cash equivalents		(3,516,292)	7,343,300
Effect of changes in expected credit losses	13	2,256	3,115
Net change in cash and cash equivalents		(61,965,522)	(2,121,866)
Cash and cash equivalents, as at 1 January	13	242,122,154	167,109,839
Cash and cash equivalents, as at 31 March	13	180,156,632	164,987,973

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

Chief financial officer



Atamuratova L.V.

Chief accountant

Urazimanova M.M.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**For three months period ended 31 March 2023****1. GENERAL INFORMATION**

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

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

The Company is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund “Samruk-Kazyna” JSC (“Samruk-Kazyna” or the “Parent”), which owns 51% of the Company’s controlling shares. Below is a list of the Company’s shareholders as at 31 March 2023:

	At 31 March 2023 (unaudited)	At 31 December 2022
Samruk-Kazyna	51.0%	51.0%
Committee of State Property and Privatization of the Ministry of finance of the Republic of Kazakhstan	28.2%	28.2%
ADR (The Bank of New York – depositor)	9.6%	9.6%
Corporate fund “Social Development Fund”	3.4%	3.4%
Other	7.8%	7.8%
	100%	100%

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

The Company and its subsidiaries listed in *Note 2* (hereinafter collectively referred to as the “Group”) have a significant share of the fixed line and mobile communication markets, including local, long-distance intercity and international telecommunication services including CIS and non-CIS countries; leases out lines and provides data transfer services, sells mobile devices and provides other telecommunication services.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months period ended 31 March 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022 and for the year then ended. The interim condensed consolidated financial statements are presented in Kazakhstan tenge, and all amounts are rounded to nearest thousands, except when otherwise indicated.

Going concern

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

Foreign currency translation

The interim condensed financial statements of the Group are presented in tenge, which is the functional currency of the Company and its main subsidiaries. Tenge is the currency of the primary economic environment in which the Company and its main subsidiaries operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**For three months period ended 31 March 2023****2. BASIS OF PREPARATION(continued)**

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

Foreign exchange rates are presented in the following table:

	31 March 2023 (unaudited)	31 December 2022
US dollar	451.71	462.65
Euro	491.64	492.86
Russian rubles	5.86	6.43

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

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

	Country of incorporation	Percentage ownership	
		31 March 2023 (unaudited)	31 December 2022
Mobile Telecom-Service LLP	Kazakhstan	100.00%	100.00%
KT-IX LLC	Russia	100.00%	100.00%
VostokTelecom LLP	Kazakhstan	100.00%	100.00%
Digital Economy Development Center LLP	Kazakhstan	100.00%	100.00%
Nursat+ LLP	Kazakhstan	100.00%	100.00%
KT-Telecom JSC	Kazakhstan	100.00%	100.00%
Kcell JSC	Kazakhstan	51.00%	51.00%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**New and amended standards and interpretations**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as at 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

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

*The accounting policies and notes on pages 8 to 38 are an integral part of
these interim condensed consolidated financial statements.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**For three months period ended 31 March 2023**

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

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

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the Group.

Definition of Accounting Estimates - Amendments to IAS 8

Amendments to IAS 8 introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

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

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

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

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

Amendments to IAS 12 narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

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

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

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

The following tables disclose revenue and profit information for the Group's operating segments for the three months period ended 31 March 2023 and 2022.

For the three months ended 31 March 2023 (unaudited)

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communi- cation services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	60,811,854	102,317,497	291,226	-	163,420,577
Inter-segment	10,521,956	5,343,210	298,998	(16,164,164)	-
Total revenue from contracts with customers	71,333,810	107,660,707	590,224	(16,164,164)	163,420,577
Compensation for provision of universal services in rural areas	2,213,475	-	-	-	2,213,475
Income from government grants	140,742	1,703,038	-	-	1,843,780
Total	73,688,027	109,363,745	590,224	(16,164,164)	167,477,832
Financial results					
Depreciation and amortisation	(10,192,615)	(21,366,104)	(9,704)	295,216	(31,273,207)
Finance costs	(5,854,048)	(4,308,941)	-	364,549	(9,798,440)
Finance income	1,195,548	3,590,370	21,712	(278,786)	4,528,844
Gain from reversal of impairment on non-financial assets	14,768	15,904	(4,369)	-	26,303
Impairment losses on financial assets	(267,763)	(873,582)	3,685	6,711	(1,130,949)
Segment profit/(loss)	9,835,551	33,618,667	(9,901)	49,071	43,493,388

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)****For the three months ended 31 March 2022 (unaudited)**

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communi- cation services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Revenue from contracts with customer					
Sales to external customers	53,899,727	87,587,673	257,724	-	141,745,124
Inter-segment	9,886,174	4,658,904	335,527	(14,880,605)	-
Total revenue from contracts with customer	63,785,901	92,246,577	593,251	(14,880,605)	141,745,124
Income from government grants	232,895	1,128,664	-	-	1,361,559
Total	64,018,796	93,375,241	593,251	(14,880,605)	143,106,683

Financial results

Depreciation and amortisation	(9,912,186)	(20,406,248)	(8,635)	377,371	(29,949,698)
Finance costs	(5,787,146)	(5,127,732)	-	377,368	(10,537,510)
Finance income	2,248,894	1,312,374	6,571	(386,613)	3,181,226
Dividends income	5,039	-	-	(5,039)	-
Share in profits of associates	-	-	22,361	-	22,361
Gain from reversal of impairment on non-financial assets	8,062	155,382	-	-	163,444
Impairment losses on financial assets	(282,035)	(861,885)	168	5,493	(1,138,259)
Segment profit/(loss)	12,665,286	25,017,351	95,066	(40,211)	37,737,492

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

<i>In thousands of tenge</i>	Fixed line	Mobile tele- communi- cation services in GSM and LTE standards	Other	Elimina- tions and adjustments	Group
Operating assets					
As at 31 March 2023 (unaudited)	1,210,067,248	863,515,452	2,142,756	(754,815,427)	1,320,910,029
As at 31 December 2022	1,231,669,037	800,777,903	2,349,528	(748,062,653)	1,286,733,815
Operating liabilities					
As at 31 March 2023 (unaudited)	271,350,788	323,862,237	1,235,389	(39,094,368)	557,354,046
As at 31 December 2022	300,556,012	291,337,564	1,460,707	(37,228,291)	556,125,992

Reconciliation of profit

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Segment profit	43,444,317	37,777,703
Other	(49,071)	(40,211)
Profit of the Group	43,493,388	37,737,492

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Segment operating assets	2,075,725,456	2,034,796,468
Elimination of the Company's investments in subsidiaries	(699,527,549)	(699,527,549)
Elimination of intra-group receivables and payables	(55,287,878)	(48,535,104)
Total assets of the Group	1,320,910,029	1,286,733,815

Reconciliation of liabilities

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Segment operating liabilities	596,448,414	593,354,283
Elimination of intra-group receivables and payables	(39,094,368)	(37,228,291)
Total liabilities of the Group	557,354,046	556,125,992

5. PROPERTY AND EQUIPMENT

During the three months period ended 31 March 2023, the Group acquired property and equipment for KZT 22,684,120 thousand (unaudited) (during the three months period ended 31 March 2022: KZT 9,104,890 thousand (unaudited)).

During the three months period ended 31 March 2023, the Group disposed property and equipment with net book value of KZT 1,100,453 thousand (unaudited) (during the three months period ended 31 March 2022: KZT 32,510 thousand (unaudited)).

During the three months period ended 31 March 2023, the Group recognised increase in changes in estimates in assets retirement obligation for KZT 143,581 thousand (unaudited) (during the three months period ended 31 March 2022: decrease for KZT 77,406 thousand (unaudited)).

During the three months period ended 31 March 2023, the building with a carrying value of KZT 1,960,242 thousand refers to investment real estate, since it was no longer used by the Group, and it was decided to lease the building to third and related parties. During the three months period ended 31 March 2023, the Group recognized amortization expense in the amount of KZT 16,410 thousand (unaudited) (during the three months period ended 31 March 2022: nil (unaudited)).

As of 31 March 2023, the fair value of investment property amounted to 2,700,000 thousand tenge.

As at 31 March 2023, advances paid for non-current assets in the amount of KZT 33,570,968 thousand (unaudited) mainly represented by advances paid 5G frequencies, for installation of base stations, construction and delivery of fixed assets (as at 31 December 2022: KZT 3,308,209 thousand). During the three months period ended 31 March 2023 the Group has recognized gain from reversal of impairment on its advances paid for non-current assets for KZT 9,897 thousand (unaudited) (during the three months period ended 31 March 2022: KZT 155,382 thousand (unaudited)) (Note 29).

Impairment test

During the three months period ended 31 March 2023, the Group recognized gain from reversal of impairment in the amount of KZT 5,093 thousand (unaudited) (during the three months period ended 31 March 2022, gain from reversal of impairment: KZT 7,335 thousand (unaudited)) for property and equipment (unaudited) and recognized impairment losses for construction-in-progress in the amount of KZT 148,915 thousand (during the three months period ended 31 March 2022: nil (unaudited)). Reversal of impairment was recognized in the interim condensed consolidated statement of comprehensive income.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

During the three months period ended 31 March 2023, the Group acquired intangible assets in the amount of KZT 79,167,034 thousand (unaudited) (during the three months period ended 31 March 2022: KZT 1,940,541 thousand (unaudited)).

During the three months period ended 31 March 2023, the Group recognized amortization expense in the amount of KZT 7,377,930 thousand (unaudited) (during the three months period ended 31 March 2022: KZT 6,857,986 thousand (unaudited)).

During the three months period ended 31 March 2023, the Group recognized gain from reversal of impairment in the amount of KZT 730 thousand (unaudited) (during the three months period ended 31 March 2022: KZT 1,083 thousand). Gain from reversal of impairment was recognized in the interim condensed consolidated statement of comprehensive income.

As at 31 March 2023 the gross carrying value of intangible assets, which have been fully amortized and still in use was KZT 54,915,765 thousand (unaudited) (as at 31 December 2022: KZT 69,108,150 thousand).

On 22-23 December 2022 the Group participated in an open electronic auction of radio frequencies for the fifth generation of mobile communications (5G). Internet trading was organized by Ministry of Digital Development, Innovation and Aerospace Industry. Participants competed for the 3600-3700 MHz (100 MHz) and 3700-3800 MHz (100 MHz) radio frequency bands for 5G technology. The Group consisting of Mobile TelecomService LLP (under the Tele2 and Altel brands) and Kcell JSC (under the Kcell and Activ brands) won the auction by bidding final price of KZT 156,069,426 thousand. During the three months period ended 31 March 2023, the Group made a payment for 5G frequencies in the amount of KZT 34,323,069 thousand.

7. INVESTMENTS IN ASSOCIATES

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

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

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

During the three months period ended 31 March 2023, QazCloud LLP announced and paid dividends to the Group in the amount of KZT 50,219 thousand.

Movements in investments in associates for the three months ended 31 March 2023 and 2022 are as follows:

<i>In thousands of tenge</i>	QazCloud LLP
At 1 January 2022	3,460,120
Share in profits of associates	22,361
At 31 March 2022 (unaudited)	3,482,481
At 1 January 2023	-
Share in profits of associates	-
At 31 March 2023 (unaudited)	-

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Revenue from contracts with customers	-	1,891,838
Depreciation and amortization	-	(612,465)
Finance income	-	14,817
Finance costs	-	(102,599)
Income tax expense	-	(11,488)
Profit for the period	-	45,635
Total comprehensive income	-	45,635
Share of the Group in profit for the period	-	22,361

8. IMPAIRMENT TESTING

Goodwill is tested by the Group for impairment annually as at 31 December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

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

As at 31 March 2023 there were no indicators for impairment of all CGUs, including those CGUs to which goodwill was allocated, therefore, management has not updated any of impairment calculations

9. OTHER NON-CURRENT FINANCIAL ASSETS

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Long-term accounts receivable	2,627,989	4,344,884
Loans to employees	2,276,847	1,731,327
Long-term deposits	716,923	642,726
Other	352,629	364,547
	5,974,388	7,083,484
Less: allowance for expected credit losses	(110,184)	(110,184)
	5,864,204	6,973,300

As at 31 March 2023 and 31 December 2022, the Group's other non-current financial assets were denominated in the following currencies:

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Tenge	5,864,204	6,973,300
	5,864,204	6,973,300

As at 31 March 2023, the long-term accounts receivable represented by special agreements with customers for the purchase of contract phones for KZT 2,267,989 thousand (as at 31 December 2022: KZT 4,344,884 thousand). These long-term accounts receivable were discounted as at market interest rates of 7.5% per annum (2022: 7.5% per annum).

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

During the three months period ended 31 March 2023, the Group placed several long-term deposits in Halyk Bank of Kazakhstan JSC for the total amount of KZT 364,432 thousand with the maturity date in 2038 and an interest rate of 0.1% per annum. These bank deposits were discounted as at the issue date using market interest rates of 4.1% per annum to 8%. As a result, the Group has recognized discount in the amount of KZT 170,740 thousand. At the placement date, long-term deposits were recognized at its fair value equal to KZT 193,692 thousand. During the three months period ended 31 March 2023, the Group has recognized amortization of discount for KZT 367,638 thousand.

During the three months period ended 31 March 2023, the Group withdrew long-term deposits in Halyk Bank of Kazakhstan JSC in the amount of KZT 487,133 thousand.

10. TRADE RECEIVABLES

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Trade receivables	68,377,188	58,301,294
	68,377,188	58,301,294
Less: allowance for expected credit losses	(14,240,207)	(12,996,108)
	54,136,981	45,305,186

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Allowance for expected credit losses at the beginning of the period	(13,150,258)	(6,252,535)
Charge for the period (Note 29)	(1,150,432)	(7,464,288)
Write-off for the period	60,483	720,715
Allowance for expected credit losses at the end of the period	(14,240,207)	(12,996,108)

11. OTHER CURRENT FINANCIAL ASSETS

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Bank deposits	3,458,100	3,399,500
Loans to employees	1,563,768	1,235,750
Restricted cash	912,769	912,769
Due from employees	395,522	375,093
Other accounts receivable	2,996,471	3,643,862
	9,326,630	9,566,974
Less: allowance for expected credit losses	(5,175,145)	(5,192,904)
	4,151,485	4,374,070

As at 31 March 2023 the Group placed bank deposits with initial maturity of more than 3 (three) months but less than 12 (twelve) months in Russian ruble in Sberbank of Russia PJSC at the interest rate of 5.8% for KZT 58,600 thousand.

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Allowance for expected credit losses at the beginning of the period	(5,192,904)	(5,056,469)
Reversal/(charge) for the period (Note 29)	17,227	(10,626)
Write-off for the period	532	1,398
Allowance for expected credit losses at the end of the period	(5,175,145)	(5,065,697)

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

As at 31 December 2022, financial assets carried at amortised cost in the amount of KZT 14,832,821 thousand are represented by short-term discount notes of the National Bank of the Republic of Kazakhstan ("NBK") denominated in tenge.

During the three months period ended 31 March 2023, the Group acquired short term discount notes at purchase price KZT 34,544,740 thousand. During the three months period ended 31 March 2023 short term discount notes with nominal value in the amount of KZT 49,537,750 thousand and interest income in the amount of KZT 642,250 thousand was redeemed.

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

<i>In thousands of tenge</i>	Maturity date	Yield to maturity	Nominal value	31 March 2023 (unaudited)	31 December 2022
Notes of the NBK	25 January 2023	16.46%	15,000,000	-	14,832,821
			15,000,000	-	14,832,821

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

13. CASH AND CASH EQUIVALENTS

As at 31 March 2023 and 31 December 2022, cash and cash equivalents comprised:

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Cash on current bank accounts	117,545,837	146,451,791
Deposits with less than 90 days' maturity from the date of opening	62,607,123	95,672,493
Cash on hand	12,123	8,516
	180,165,022	242,132,800
Less: allowance for expected credit losses	(8,390)	(10,646)
	180,156,632	242,122,154

As at 31 March 2023 cash on current bank accounts earn interest at the rates ranging from 0.1% to 7.0% per annum (as at 31 December 2022: from 0.2% to 7.0% per annum). As of 31 March 2023, cash on current bank accounts included the amount of KZT 62,488,101 thousand placed on overnight deposits with a rate of up to 15.60%.

Short-term bank deposits opened for a period of one day to three months, depending on the Group's current cash needs, as of 31 March 2023 amounted to KZT 18,961 thousand with a rate of up to 14.90%.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
US dollars	110,169,720	149,734,206
Tenge	69,092,829	90,509,732
Euro	688,447	1,343,271
Russian roubles	154,372	422,368
Other	51,264	112,577
	180,156,632	242,122,154

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Allowance for expected credit losses at the beginning of the period	(10,646)	(8,242)
Reversal for the period (<i>Note 29</i>)	2,256	3,115
Allowance for expected credit losses at the end of the period	(8,390)	(5,127)

14. EQUITY**Authorised and issued shares**

	Number of shares		In thousands of tenge		Total issued shares
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2021	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 31 December 2022	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 31 March 2023	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529

Treasury shares

	Number of shares		In thousands of tenge		Total
	Common shares	Preferred non-voting shares	Common shares	Preferred non-voting shares	
At 31 December 2021 (audited)	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
At 31 December 2022 (audited)	216,852	914,868	3,052,617	4,012,997	7,065,614
Treasury shares reacquired	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-
At 31 March 2023 (unaudited)	216,852	914,868	3,052,617	4,012,997	7,065,614

Shares issued less reacquired shares

As at 31 March 2023, number of common and preferred shares issued net of reacquired shares was 10,706,024 and 298,785 shares, respectively.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

Holders of preferred shares are entitled to receive annual cumulative dividends of 300 tenge per share, and not less than the amount of the dividends per share paid to holders of common shares. Payment of preferred shares dividends does not require a resolution of Kazakhtelecom JSC shareholders meeting. The discounted value of future cash flows of annual cumulative dividends is recorded as a financial liability as at 31 March 2023 in the amount of KZT 814,868 thousand (31 December 2022: KZT 814,868 thousand).

Dividends

The preferred shares earn a non-discretionary dividend of 300 tenge per share in accordance with the Company's charter documents. Preferred shares are considered to be compound financial instruments, and accordingly the liability and equity components are presented separately in the consolidated statement of financial position. Dividends in the amount of KZT 22,409 thousand were accrued as at 31 March 2023 (2022: KZT 22,409 thousand) and are recorded as interest expenses in the interim condensed consolidated statement of comprehensive income (*Note 25*).

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Dividends payable at the beginning of the period	17,573	17,577
Interest on debt component of preferred shares (<i>Note 25</i>)	22,409	22,409
Dividends payable at the end of the period (<i>Note 18</i>)	39,982	39,982

Other reserves

According to the Company's Charter, the Company created a reserve capital equal to 15% of the authorized share capital. This reserve capital was created through appropriation of the retained earnings. There were no movements in the reserve capital at 31 March 2023 and at 31 December 2022.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in these interim condensed consolidated financial statements in accordance with the accounting policy disclosed in *Note 2*.

Earnings per share

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

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

The following tables reflect profit and share data used in the basic and diluted earnings per share computations:

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Net profit	28,278,071	25,995,920
Interest on preferred shares (<i>Note 25</i>)	22,409	22,409
Net profit for calculating of basic and diluted earnings per share	28,300,480	26,018,329
Weighted average number of common and preferred shares for calculation of basic and diluted earnings per share	11,004,809	11,004,809
Basic and diluted earnings per share, tenge	2.571,65	2.364,27

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Total assets	1,320,910,029	1,218,721,843
Less: intangible assets, including goodwill	420,195,176	352,910,396
Less: total liabilities	557,354,046	542,345,501
Less: preferred shares issued net of reacquired shares	298,785	298,785
Net assets for calculation of cost of ordinary share in accordance with listing requirements of KASE	343,062,022	323,167,161
Number of ordinary shares	10,706,024	10,706,024
Cost of ordinary share, calculated in accordance with listing requirements of KASE (in tenge)	32,044	30,186

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

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

Another requirement for disclosure is the amount of the dividends payable to owners of preferred non-voting shares. The carrying book value of one preferred non-voting share is calculated as the sum of the preferred non-voting shares in the equity and debt component of preferred non-voting shares, divided by the number of preferred non-voting shares. At the same time, according to the methodology of KASE, the dividend payable on preferred shares, which are not paid due to the lack of up-to-date information about the shareholders, their payment details, are not taken into account. As at 31 March 2023, this indicator amounted to 3,727 tenge (as at 31 December 2022: 3,727 tenge).

15. BORROWINGS

As at 31 March 2023 and 31 December 2022, borrowings comprised:

<i>In thousands of tenge</i>	Weighted average effective interest rate	2023	Weighted average effective interest rate	2022
Bonds with a fixed interest rate of 11.84% to 11.86% per annum	11.86%	123,941,289	11.86%	122,815,506
Borrowings with a fixed interest rate of 7.12% to 12.20% per annum	7.99%	122,282,813	10.99%	125,061,366
		246,224,102		247,876,877

Borrowings are repayable as follows:

<i>In thousands of tenge</i>	2023	2022
Current portion of borrowings	26,473,934	25,018,246
Maturity between 1 and 2 years	59,605,941	110,270,990
Maturity between 2 and 5 years	149,531,243	101,977,816
Maturity over 5 years	10,612,984	10,609,825
Total non-current portion of borrowings	219,750,168	222,858,631
Total borrowings	246,224,102	247,876,877

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

As of 31 March 2023 and 31 December 2022, loans represented by the following:

Borrowings	Maturity date	Currency	Effective interest rate	2023	2022
Halyk Bank of Kazakhstan JSC	21 May 2027	Tenge	12.20%	44,838,659	47,508,167
First Heartland Jusan Bank JSC	10 November 2024	Tenge	11.70%	40,288,411	40,209,056
Development Bank of Kazakhstan JSC (Note 29)	30 June 2032	Tenge	7.95%-8.41%	21,858,271	21,470,046
Development Bank of Kazakhstan JSC (Note 29)	19 December 2024	Tenge	7.12%-9.30%	8,258,059	8,839,409
Bank of China Kazakhstan JSC	1 June 2024	Tenge	10.70%	2,033,153	2,033,153
VTB Bank JSC	15 October 2023	Tenge	11.90%	5,006,260	5,001,538
Total				122,282,813	125,061,369

As at 31 March 2023 and 31 December 2022 the Group's borrowings have fixed interest rates.

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

During the three months period ended 31 March 2023, the Group made repayment of principal amount for KZT 2,607,048 thousand and interest amount for KZT 1,405,778 thousand under the credit line agreements concluded with the Halyk Bank JSC with the maturity in 21 May 2027 (during the three months period ended 31 March 2022: KZT 2,607,048 thousand and KZT 1,710,586 thousand, respectively).

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

On 10 November 2021, the Group's subsidiary, Kcell JSC, and First Heartland Jusan Bank JSC signed a credit line agreement in the amount of KZT 60,500,000 thousand. On 11 November 2021 two tranches were received from First Heartland Jusan Bank JSC in the amount of KZT 22,000,000 thousand and KZT 12,000,000 thousand with an interest rate of 11% per annum and 10.7% per annum, respectively. Additionally, on 25 November 2021, third tranche was received from First Heartland Jusan Bank JSC in the amount of KZT 6,500,000 thousand with an interest rate of 11% per annum, with a maturity until 10 November 2024. At the date of initial recognition, the loan was recognized at fair value based on expected cash outflows at a market rate observable for similar instruments of 12.9% at the time the loan was issued. On initial recognition of all three tranches total discount in the amount of KZT 1,260,102 thousand was recognised within equity in 'Non-controlling interest' part. During the three months period ended 31 March 2023, the Group made repayment of interest amount for KZT 1,125,328 thousand under the credit line agreements concluded with the First Heartland Jusan Bank JSC with the maturity in 10 November 2024 (during the three months period ended 31 March 2022: KZT 1,146,817 thousand).

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

During the three months period ended 31 March 2023, the Group did not repay under the credit line agreements concluded with the Development Bank of Kazakhstan JSC with the maturity in June 2032 (during the three months period ended 31 March 2022 did not repay).

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

During the three months period ended 31 March 2023, the Group made repayment of principal amount for KZT 606,516 thousand and interest amount for KZT 135,708 thousand under the credit line agreements concluded with the Development Bank of Kazakhstan JSC with the maturity in December 2024 (during the three months period ended 31 March 2022: KZT 1,042,570 thousand and KZT 293,473 thousand, respectively).

Bank of China Kazakhstan JSC (with maturity date – 1 June 2024)

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

On 2 June 2021 the Group obtained additional tranche in the amount of KZT 2,000,000 thousand from Bank of China JSC within the same credit line agreement. During the three months period ended 31 March 2023, the Group made interest repayment for KZT 51,500 thousand (during the three months period ended 31 March 2022: interest repayment for KZT 337,611 thousand).

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

On 28 October 2020 the Group obtained loan in the amount of KZT 6,000,000 thousand within the credit line agreement with VTB Bank JSC with maturity till October 2023 at interest rate 10.7% per annum. On 31 December 2021 the Group signed an additional agreement with VTB Bank JSC to increase the amount of the credit line from KZT 6,000,000 thousand to KZT 7,000,000 thousand, and obtained KZT 1,000,000 thousand with a maturity until 15 October 2023 and an interest rate of 10.7% per annum. During the three months period ended 31 March 2023, the Group made interest amount for KZT 128,986 thousand (during the three months period ended 31 March 2022: interest repayment for KZT 127,227 thousand).

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

Bonds	Maturity date	Currency	Effective interest rate	2023	2022
Local bonds of Kazakhtelecom JSC (KZTKb3)	19 June 2026	Tenge	11.86%	82,548,372	80,243,841
Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024) (Note 28)	1 November 2024	Tenge	11.84%	41,392,917	42,571,667
				123,941,289	122,815,508

Local bonds of Kazakhtelecom JSC (KZTKb3)

On 19 June 2019, the Group placed bonds on the Kazakhstan Stock Exchange JSC for amount of KZT 80,000,000 thousand at an effective interest rate of 11.86% and maturity in June 2026. The nominal value of one bond is one thousand tenge. During the three months period ended 31 March 2023, the Group did not repay interest (during the three months period ended 31 March 2022 did not repay interest).

Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1024)

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

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

On 10 December 2020, the Group early redeemed local bonds with the maturity till 1 November 2024 in the amount of KZT 25,000,000 thousand from Parent company.

During the three months period ended 31 March 2023, the Group has repaid interest for KZT 2,357,500 thousand (during the three months period ended 31 March 2022: interest repayment for KZT 4,312,500 thousand).

Covenants

The Group is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As at 31 March 2023 and 31 December 2022, the Group complied with all financial and non-financial covenants.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

<i>In thousands of tenge</i>	Buildings and constructions	Equipment	Total
Cost			
At 1 January 2022	65,534,951	42,848,491	108,383,442
Additions	3,099,088	211,757	3,310,845
Modifications	786,573	2,035,434	2,822,007
Disposals	(884,365)		(884,365)
At 31 December 2022	68,536,247	45,095,682	113,631,929
Additions	114,341	5,235,821	5,350,162
Modifications	(7,594)	(183,941)	(191,535)
Disposals	(2,708)	-	(2,708)
At 31 March 2023 (unaudited)	68,640,286	50,147,562	118,787,848
Accumulated depreciation			
At 1 January 2022	26,916,142	10,618,234	37,534,376
Depreciation charge	4,495,171	8,493,289	12,988,460
Cancellation	(185,712)	-	(185,712)
At 31 December 2022	31,225,601	19,111,523	50,337,124
Depreciation charge	517,183	2,962,399	3,479,582
At 31 March 2023 (unaudited)	31,742,784	22,073,922	53,816,706
Net book value			
At 31 december 2022	37,310,646	25,984,159	63,294,805
At 31 March 2023 (unaudited)	36,897,502	28,073,640	64,971,142

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
At the beginning of the period	40,825,884	49,151,576
Additions	5,350,162	3,632,411
Modifications	(191,535)	313,917
Cancellation	(2,708)	-
Interest expenses (Note 25)	1,254,027	1,544,489
Payment of interest part	(1,254,026)	(1,544,489)
Payment of principal part	(4,473,583)	(3,379,554)
At the end of the period	41,508,221	49,718,350

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Non-current portion of liabilities	28,105,553	35,545,464
Current portion of lease liabilities	13,402,668	14,172,886

The following are the amounts recognised in profit or loss:

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Depreciation expense of right-of-use assets	3,479,582	3,636,025
Interest expense on lease liabilities (Note 39)	1,254,027	1,544,489
Expense relating to short-term leases and leases of low-value assets (included in cost of sales) (Note 35)	488,523	637,881
Expense relating to short-term leases (included in general and administrative expenses) (Note 36)	51,899	54,961
	5,274,031	5,873,356

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

During the three months period ended 31 March 2023, the Group had total cash outflows (principal and interest amount) for leases of KZT 6,268,032 thousand, including cash outflow of KZT 540,422 thousand related to leases of low-value assets and short-term leases (during the three months period ended 30 March 2022: KZT 5,616,885 thousand and KZT 692,842 thousand, respectively). During the three months period ended 31 March 2023, the Group also had non-cash additions to right-of-use assets and lease liabilities of KZT 5,350,162 thousand (during the three months period ended 31 March 2022: KZT 3,632,411 thousand).

17. NON-CURRENT CONTRACT LIABILITIES

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Contract liabilities from operators	3,769,070	4,047,586
Contract liabilities for connection of subscribers	415,580	426,653
Other contract liabilities	3,243,604	3,079,966
	7,428,254	7,554,205

18. OTHER CURRENT FINANCIAL LIABILITIES

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Payable to employees	18,176,466	24,352,049
Dividends payable (Note 14)	39,982	17,573
Other	3,108,183	3,247,259
	21,324,631	27,616,881

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

19. CURRENT CONTRACT LIABILITIES

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Advances received	20,654,434	24,597,725
Contract liabilities from operators	1,637,685	1,678,156
Contract liabilities for connection of subscribers	253,005	261,527
Other contract liabilities	106,732	85,025
Other	111,225	119,674
	22,763,081	26,742,107

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

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

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Provisions		
Legal claims on contractual obligation and penalties	4,660,085	3,684,675
Asset retirement obligation	2,985,400	2,947,595
Tax provisions	1,967,103	1,910,312
	9,613,188	8,542,582
Other non-financial liabilities		
Taxes payable other than income tax	9,172,293	4,249,869
Payable to pension funds	1,378,075	1,009,829
Other	714,136	703,727
	11,264,504	5,963,425
	20,877,692	14,506,007

21. GOVERNMENT GRANTS

As at 31 March 2023 and 31 December 2022, government grants comprised:

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Government grants at the beginning of the period	26,857,966	18,798,488
Received during the period	5,994,685	14,391,376
Released to the statement of profit or loss	(1,843,780)	(6,331,898)
Government grants at the end of the period	31,008,871	26,857,966
Current portion	7,655,662	6,167,493
Non-current portion	23,353,209	20,690,473

In 2021 the Government approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices (“the Rules”), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from 1 January 2020 till 1 January 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities.

The funds released as a result of reduction in the annual fee for use of radio frequencies for the three months period ended 31 March 2023 in the amount of KZT 5,994,685 thousand were used by the Group for the purchase and construction of certain items of property and equipment (mainly base stations). Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. As at 31 March 2023 the balance of government grants was equal to KZT 31,008,871 thousand, and part of the government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to KZT 1,843,780 thousand.

As at 31 March 2023 there are no unfulfilled conditions or contingencies attached to these grants.

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

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

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

<i>In thousands of tenge</i>	For the three months ended 31 March 2022			
	Fixed line	Mobile connection	Other	Total
Data transfer services	28,970,310	40,481,523	2,381	69,454,214
Rendering of fixed line and wireless phone services	7,462,500	30,877,266	-	38,339,766
Sale of equipment and mobile devices	1,566	10,488,022	-	10,489,588
Interconnect	4,296,875	4,025,205	-	8,322,080
Rent of channels	737,352	-	-	737,352
Other	12,431,124	1,715,657	255,343	14,402,124
	53,899,727	87,587,673	257,724	141,745,124
Services transferred over time	53,898,161	77,099,651	257,724	131,255,536
Goods transferred at a point of time	1,566	10,488,022	-	10,489,588
	53,899,727	87,587,673	257,724	141,745,124
B2C*	26,034,106	72,327,856	227,391	98,589,353
B2B**	9,095,951	9,152,351	30,333	18,278,635
B2O***	5,072,819	6,060,941	-	11,133,760
B2G****	13,696,851	46,525	-	13,743,376
	53,899,727	87,587,673	257,724	141,745,124

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

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

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

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

The tender for the identification of universal services operator was conducted in September 2022 and based on the results of the tender Kazakhtelecom JSC was selected as the universal services operator. As at 31 March 2023 there were no unfulfilled conditions or contingencies attached to these subsidies.

The total amount of subsidies received for the three months period ended 31 March 2023 amounted to KZT 2,213,475 thousand (for the three months period ended 31 March 2022: nil).

24. COST OF SALES

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Depreciation and amortization	29,852,638	28,551,317
Personnel costs	28,047,401	23,628,080
Cost of SIM-card, scratch card and handsets	7,759,761	8,575,885
Interconnect	6,527,867	7,989,008
Fees for radiofrequencies use	6,060,431	4,480,369
Repair and maintenance	4,721,087	4,170,077
Electricity	3,244,046	3,121,841
Rent of channels	2,943,472	1,945,015
Fee to provide telecom services	2,187,793	2,179,505
Content	1,310,062	1,321,176
Inventories	1,129,013	810,984
Security and safety	754,364	564,137
Utilities	743,811	525,132
Business trip expenses	492,316	221,816
Short-term leases and leases of low -value assets (Note 16)	488,523	637,881
Insurance	250,144	184,974
Satellite communication services	199,146	198,697
Network sharing agreement	111,858	163,596
Other	4,011,100	2,818,352
Payment for the use of licensed software	100,834,833	92,087,842

25. FINANCE COSTS

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Finance costs		
Interest expense on loans	6,765,589	8,547,274
Discounting of long-term loans to employees	1,393,190	13,344
Interest expense on lease liabilities (Note 16)	1,254,027	1,544,489
Discounting of other non-current financial assets	176,836	214,811
Unwinding of discount (provision for asset retirement obligation)	148,539	167,654
Interest on debt component of preferred shares (Note 14)	22,409	22,409
Unwinding of discount on long-term accounts payable	15,212	25,764
Other costs	22,638	1,795
	9,798,440	10,537,510

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Current corporate income tax expenses	12,020,656	9,312,535
Deferred income tax benefit	(1,822,051)	(808,599)
	10,198,605	8,503,936

27. NON-CASH TRANSACTIONS

The following significant non-cash transactions have been excluded from the interim condensed consolidated statement of cash flows: During the three months period ended 31 March 2023, the Group received government grants in the total amount of KZT 5,994,685 thousand represented by 90% reduction in the annual fee for use of radio frequencies (during the three-month period ended 31 March 2022: KZT 2,177,266 thousand (unaudited)).

During the three months period ended 31 March 2023, the Group paid an amount of KZT 56,652,145 thousand (unaudited) for property and equipment purchased and intangible assets acquired in the previous year (during the three-month period ended 31 March 2022: KZT 46,945,570 thousand (unaudited)). Fixed assets in the amount of KZT 71,515,408 thousand (unaudited) were purchased before 31 March 2023, but not paid as of 31 March 2022 (purchased but not paid as of 31 March 2022: 14,248,746 thousand tenge (unaudited)). During the three months period ended 31 March 2023, the Group withhold from the salary of employees the amount of previously issued loans for KZT 366,081 thousand (during the three months period ended 31 March 2022: KZT 306,168 thousand (unaudited)).

28. RELATED PARTY TRANSACTIONS

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

At 31 March 2023, the Group recognized a provision for expected credit loss in the amount of KZT 441,968 thousand in respect of receivables from related parties. Sales and purchases with related parties during the periods of three months period ended 31 March 2023 and 31 March 2022 and the balances with related parties at 31 March 2023 and 31 December 2022 were as follows:

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Sales of goods and services		
Parent	3,258	3,924
Parent-controlled entities	859,050	450,258
Associate (Qaz Cloud LLP) (Note 7)	-	274,550
Government-related entities	14,406,004	13,932,493
Purchases of goods and services		
Parent-controlled entities	902,276	609,398
Associate (Qaz Cloud LLP) (Note 7)	-	260,990
Government-related entities	47,316	64,058
Interest accrued on borrowings and bonds		
Entities under state control (Development Bank of Kazakhstan JSC)	549,099	725,211
Average interest rate on borrowings	7.99%	8.06%
Parent*	1,178,750	2,156,250
Average interest rate on bonds	11.84%	11.84%

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

<i>In thousands of tenge</i>	31 March 2023 (unaudited)	31 December 2022
Cash and cash equivalents		
Entities under state control (Development Bank of Kazakhstan JSC)	28	31
Borrowings and bonds (Note 15)		
Entities under state control (Development Bank of Kazakhstan JSC)	30,116,330	30,309,455
Parent*	41,392,917	42,571,667
Trade receivables		
Parent	1,214	1,229
Parent-controlled entities	847,050	566,382
Associate (Qaz Cloud LLP) (Note 7)	-	222,479
Government-related entities	10,069,498	7,833,829
Trade payables		
Parent	59	59
Parent-controlled entities	420,625	234,945
Associate (Qaz Cloud LLP) (Note 7)	-	863,154
Government-related entities	1,105,145	1,643,367

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

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES**Impairment losses on financial assets**

Impairment losses on financial assets for the three months period ended 31 March 2023, comprise accrued/(reversed) allowance for expected credit loss for trade receivables in amount of KZT 1,150,432 thousand (Note 10), other current financial assets in amount of KZT (17,227) thousand (Note 11), cash and cash equivalents in amount of KZT (2,256) thousand (Note 13) (for the three months period ended 31 March 2022: trade receivables in amount of KZT 1,130,748 thousand, other current financial assets in amount of KZT 10,626 thousand, cash and cash equivalents in amount of KZT (3,115) thousand).

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

Impairment losses on non-financial assets for the three months period ended 31 March 2023, comprise accrued/(reversed) allowance for impairment for advances paid for non-current assets for KZT (9,897) thousand (Note 5), advances paid for current assets for KZT (7,088) thousand, impairment of property and equipment for KZT 143,822 thousand (Note 5) and impairment of intangible assets for KZT (730) thousand (Note 6) (for the three months period ended 31 March 2022: provision for impairment of advances paid for non-current assets for KZT (155,382) thousand, advances paid for KZT 356 thousand and impairment of property and equipment for KZT (7,335) thousand and impairment of intangible assets for KZT (1,083) thousand).

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

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

For the purpose of disclosing the fair value, the Group determined classes of assets and liabilities based on characteristics and risks of assets or liabilities and fair value hierarchy level as described above.

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

<i>In thousands of tenge</i>	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	
Assets for which fair values are disclosed					
Investment property	At 31 March 2023	-	-	2,700,000	2,700,000
Other non-current financial assets	At 31 March 2023	-	-	5,864,204	5,864,204
Other current financial assets	At 31 March 2023	-	-	4,151,485	4,151,485
Trade receivables	At 31 March 2023	-	-	54,136,981	54,136,981
Liabilities for which fair values are disclosed					
Borrowings	At 31 March 2023	-	-	242,162,903	242,162,903
Other non-current financial liabilities	At 31 March 2023	-	-	341	341
Other current financial liabilities	At 31 March 2023	-	-	21,324,631	21,324,631
Trade payables	At 31 March 2023	-	-	104,923,189	104,923,189

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

<i>In thousands of tenge</i>	Date of valuation	Fair value measurement using			Total
		Price quotations on active markets (Level 1)	Significant observable in-puts (Level 2)	Significant unobservable in-puts (Level 3)	
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	At 31 December 2022	14,896,830	-	-	14,896,830
Investment property	At 31 December 2022	-	-	2,700,000	2,700,000
Other non-current financial assets	At 31 December 2022	-	-	6,629,229	6,629,229
Other current financial assets	At 31 December 2022	-	-	4,374,070	4,374,070
Trade receivables	At 31 December 2022	-	-	45,305,186	45,305,186
Liabilities for which fair values are disclosed					
Borrowings	At 31 December 2022	-	-	243,775,351	243,775,351
Other non-current financial liabilities	At 31 December 2022	-	-	414	414
Other current financial liabilities	At 31 December 2022	-	-	27,616,881	27,616,881
Trade payables	At 31 December 2022	-	-	104,832,254	104,832,254

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

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

<i>In thousands of tenge</i>	Carrying amount as at 31 March 2023 (unaudited)	Fair value as at 31 March 2023 (unaudited)	Unrecognised gain/(loss) as at 31 March 2023 (unaudited)	Carrying amount as at 31 December 2022	Fair value as at 31 December 2022	Unrecognised gain/(loss) as at 31 December 2022
Financial assets						
Cash and cash equivalents	180,156,632	180,156,632	-	242,122,154	242,122,154	-
Other non-current financial assets	5,864,204	5,864,204	-	6,973,300	6,629,229	(344,071)
Financial assets carried at amortised cost	-	-	-	14,832,821	14,896,830	64,009
Other current financial assets	4,151,485	4,151,485	-	4,374,070	4,374,070	-
Trade receivables	54,136,981	54,136,981	-	45,305,186	45,305,186	-
Financial liabilities						
Borrowings	246,224,102	242,162,903	4,061,199	247,876,877	243,775,351	4,101,526
Other non-current financial liabilities	341	341	-	414	414	-
Other current financial liabilities	21,324,631	21,324,631	-	27,616,881	27,616,881	-
Trade payables	104,923,189	104,923,189	-	104,832,254	104,832,254	-
Total unrecognised change in unrealised fair value	-	-	4,061,199	-	-	3,821,464

Valuation techniques and assumptions

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

Assets for which fair value approximates carrying value

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

Financial liabilities carried at amortised cost

The fair value of loans obtained is measured by discounting future cash flows using rates currently existing for outstanding amounts with similar terms, credit risk and maturity.

30. COMMITMENTS AND CONTINGENCIES**Operating environment**

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

Protests in Kazakhstan

On 2 January 2022 protests started in Mangystau region of Kazakhstan related to significant increase in the liquified natural gas retail price. These protests spread to other cities and resulted in riots, damage to property and loss of life.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

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

On 5 January 2022 the government declared a state of emergency,

During the protests, six Kcell stores located in Almaty and Almaty region were looted, as well as two large offices of the group were attacked. Also in the city of Almaty, several base stations belonging to the Group burned down.

The Management of the Group formed operational headquarters due to state emergency announcement for timely decision making on operational issues for uninterrupted communication of subscribers and facilitate the Government with urgent actions.

Providing subscribers with continuous cellular communications was a priority of the Group and the Management decided to support its subscribers including small and medium sized businesses during the state of emergency. During the state of emergency declared throughout Kazakhstan, and until the end of January 2022, corporate clients of Kcell LLP and MTS LLP, with a lack of account balance, were not restricted in communication and Internet access.

As a result of the above-mentioned protests and the state of emergency, the President of Kazakhstan made certain public statements about possible measures, including amendments to tax legislation, the introduction of measures for financial stability, control and stabilization of inflation and the exchange rate of tenge.

On 10 January 2022 the National Security Committee of Kazakhstan reported that the situation in the country has stabilized and was under control, On 19 January 2022 the state emergency was lifted.

The Group suffered losses from these events in the amount of KZT 553,000 thousand, which represent the theft of inventory (goods for resale) and damage to stores, which was recognized as part of other operating expenses for the year ended 31 December 2022.

Events in Ukraine and the coronavirus pandemic

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

Due to the geopolitical events around Ukraine and Russia, oil prices exceeded \$100 per barrel on February 24, 2022. On 23 February 2022, the exchange rate of tenge against the US dollar began to weaken sharply. On February 27, 2022, the National Bank of the Republic of Kazakhstan decided to raise the base rate to 16.75% while maintaining the +/-1% corridor.

In addition, the coronavirus pandemic continues to affect the development of the global economy. Due to the spread of the Omicron variant in China, large-scale blockages were introduced in Shanghai and other major Chinese cities. Although the pandemic has so far had only a limited negative impact on the telecommunications sector, if the global pandemic repeats, it could lead to a prolonged and intensified supply shortage. However, revenue from visitors and roaming has increased slightly due to the fact that travel has returned to a more normal level, despite the coronavirus pandemic.

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

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

The Group generally enters into contracts for the completion of construction projects and purchase of telecommunication equipment. As at 31 March 2023, the Group had contractual obligations in the total amount of KZT 65,407,225 thousand, including VAT (31 December 2022: KZT 49,774,593 thousand, including VAT) mainly related to purchase of telecommunication equipment and construction of telecommunication network.

License commitments

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

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. In addition, management believes that international agreements, under which the Group works with non-residents residing in International Telecommunication Union, and which provide for certain tax exemptions, have a priority over national tax legislation. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe.

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

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 March 2023. Management believes that as at 31 March 2023 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these interim condensed consolidated financial statements.

Tax risks assessment

In the period from August 2021 to February 2022, Kazakhtelecom JSC carried out a tax review of historical data for the period from 2016 to 2020 in the format of a tax audit. The review was conducted by representatives of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, within the framework of the project "Horizontal Monitoring", which assumes in the future a new type of interaction between the taxpayer and the tax authority for the purposes of control and correctness of tax calculation.

Based on the results of the review, a register of tax risks was formed for a total amount of KZT 2,637,804 thousand, which at the time of the release of the financial statements for 2021 is advisory in nature.

The Group believes that it has correctly interpreted the tax legislation and intends to appeal against potential additional charges. Nevertheless, taking into account the statistics of appeals, as well as the controversial situation regarding the taxation of non-residents that is taking place in the tax environment at the moment, the Group ranked the register of tax risks according to the degree of probability and decided as of 31 December 2021 to create a reserve in the amount of KZT 1,055,681 thousand, as well as declare tax risks as contingent liabilities in the amount of KZT 1,487,574 thousand.

In May 2022, the Protocol on the results of the tax review of historical data for the period from 2016 to 2020, according to which the amount of identified tax risks amounted to KZT 1,245,611 thousand, was agreed and signed, taxes were accrued and paid in full.

In November 2022, the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan began a comprehensive documentary audit, according to the results of which additional taxes and penalties were accrued in the amount of KZT 153,720 thousand, this obligation was also accrued and paid in full.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

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

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

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

New Technical Regulations

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

As of 31 March 2023, the Group partially carried out modernization and expansion of licensed and port facilities for a total amount of KZT 4,612,223 thousand. The Group plans to fully complete the expansion in 2025 and expects that the total amount of capital expenditures for modernization and expansion will amount to KZT 8,025,115 thousand.

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"),

In November 2018, Kcell notified the Supplier of termination of the Supply Agreement, except for the technical support services due to the quality of the Convergent Billing System and Amdocs's performance of contractual obligations were not consistent with the terms of the Supply Agreement and Kcell's requirements. Moreover, there was delay in delivery and implementation of the OLC (On-line charging) system. In May 2020, Kcell notified the Supplier of its withdrawal from the technical support agreement as well, Amdocs did not agree with the Kcell's reasoning for termination of the Supply Agreement and withdrawal from the technical support agreement,

The contractual relationships between Kcell and Amdocs are governed by and construed in accordance with Swedish law, and any dispute, controversy or claim arising out of that relationship should ultimately be settled in arbitration in Stockholm in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce ("International Arbitration"),

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

On 18 December 2020, Kcell applied to International Arbitration with a request to initiate arbitration proceedings against Amdocs, The total amount of Kcell's asserted claims equalled to approximately EUR 25,792 thousand (equivalent to KZT 12,823,267 thousand),

Kcell's request for arbitration was registered with the Arbitration Institute of the Stockholm Chamber of Commerce (hereinafter – "SCC") in December 2020, On 29 December 2020, SCC sent a notice to the Amdocs companies of commencement of arbitration and set a deadline for responding to the request for arbitration,

On 26 January 2021 the response from Amdocs JSC was received and Amdocs agreed to consider the dispute in SCC, In addition, Amdocs had submitted the counterclaim, at this point in the preliminary amount of USD 13,886 thousand (equivalent to KZT 6,046,350 thousand) and unpaid fees for extra work L2 and other out of scope service the amount of which was not calculated, and payment related to allegedly Kcell's delays in OLC and Phase 1 – the amount was not calculated,

On 16 and 23 April 2021 organizational sessions of arbitration tribunal were held, as a result of which the parties managed to agree on the procedural rules and schedule, It is planned that consideration of the case on the merits will take place during 5-16 September 2022, and the tribunal's decision will be granted in December 2022,

In accordance with the procedural timetable, the next stage of the proceedings, Kcell claimed below extended relief (90% increase of the initial amount):

- (a) To declare that Kcell's partial termination of the Delivery Contract by notice dated 22 November 2018 was valid and effective;
- (b) To order the Respondents to pay – jointly and severally – USD 59,773 thousand (equivalent to KZT 26,001,255 thousand) and to order payment of the pre-award and post-award interest on the above amounts and reimburse the Claimant its legal and other costs in relation to these proceedings.

On 5 November 2021, Amdocs filed extended counterclaims in the amount of USD 17,697 thousand (equivalent to KZT 7,699,056 thousand), plus interest applicable under Swedish law (8% per annum; from the date of incurrence of the obligation the dates may differ, depending on stated claims), including reimbursement of costs incurred by Amdocs in connection with the arbitration proceedings (fees to arbitrators, legal consultants and other costs incurred):

- (1) To invalidate the partial termination of the Delivery Contract (Contract) initiated by Kcell to recognize such termination as a breach of the Contract terms; to recognize that Kcell is liable for damage associated with such a breach;
- (2) Reimbursement of the arbitration fees paid by Amdocs from the date of the judgement until the date when the amount claimed is received in full, pursuant to Section 6 of the Swedish Interest Act and reimbursement of fees paid by Amdocs to their legal consultants and other costs associated with the arbitration from the date of the judgement until the date when the amount claimed is received in full, pursuant to Section 6 of the Swedish Interest Act.

Kcell planned to provide response to the above counterclaims by 15 February 2022, In connection with the introduced state of emergency in Kazakhstan in January 2022. Kcell applied for an extension of the deadline to respond to Amdocs's counterclaims, The deadline was extended till 1 March 2022.

On 1 March 2022, Kcell filed a response to Amdocs's stated extended counterclaims and declined all claims submitted by the defendant. Kcell has also filed the additional claim, according to which shall the Tribunal decide that Company is not entitled for contract price reduction, then Kcell claims the right for compensation of funds in the amount of 16 million USD (equivalent to 7,920 million tenge), overpaid for the supplied solution (BSS). The correspondent expert report with the estimate of supplied solution was prepared by the independent financial expert and submitted by Kcell to the Tribunal.

Amdocs response to Kcell claims was received on 24 May 2022. Amdocs made no new claims, confirmed the previously filed claims and agreed with Kcell that the Supply Agreement can be considered as a contract in US dollars and that any claims under it can only be expressed in US dollars.

On 21 June 2022, Kcell sent the final document with additional arguments and evidence (including testimony and responses to the arguments listed in Amdocs document dated 24 May 2022).

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

Kcell received a document from Amdocs on 15 July 2022 containing the final counterclaim amounts. In addition to the previously announced figures, Amdocs is claiming the payment of a 400 000 USD invoice dated 4 May 2018 under Additional Agreement 3 for the "Final delivery to UAT 20%" stage. So, before the hearing in September, Amdocs's claims amount to 18 million USD (equivalent to 8,657 million tenge) plus % (calculated at the rate of 8% according to the Swedish Interest Act. Depending on the date of obligation, it will be calculated and confirmed based on the hearing outcomes and stated in the arbitration award).

In-person hearings to consider mutual claims between Kcell JSC and Amdocs-Kazakhstan LLP and Amdocs Software Solutions LLC connected to the Supply Agreement were held from 5 to 16 September 2022 in Stockholm (Sweden). During the hearing, Kcell has made the following proposals, which were supported by Amdocs and the tribunal:

- If the tribunal satisfies, fully or partially, the claims of both parties, the offset principle will be applied;
- If the tribunal satisfies the claims filed in tenge, apply the exchange rate as of the date of the arbitration award and state those amounts in US dollars in the tribunal's decision.

At the request of the parties and with the Tribunal's approval, the date of filing of final claims by the parties was postponed to 31 October 2022, and the date of filing documents for the recovery of costs related to the arbitration proceedings was postponed to 11 November 2022.

In December 2022, the Tribunal requested additional time to prepare a decision, citing the technical complexity of the case.

On 14 March 2023 Tribunal announced decision on arbitration against Amdocs and concluded on the following:

- The total amount of satisfied claims of Amdocs was 8,306,827 USD dollars (equivalent KZT 3,721,874 thousand as of the date of the court decision);
- Claims of Kcell against Amdocs was dissatisfied.

5G services

In 2022, an open auction was held for the 5G 3600-3700 MHz and 3700-3800 MHz radio frequency bands, following which a consortium consisting of Mobile Telecom Service LLP (under the Tele 2 and Altel brands) and Kcell JSC (under the Kcell and Asset brands) was determined the winner.

Judicial proceedings

On 13 March 2022, Kayrat Satybaldyuli, the ultimate beneficiary of Skyline Investment Company S.A. and Alatau Capital Invest LLP, was detained by the Anti-Corruption Service of Kazakhstan on suspicion of abuse of office and embezzlement of funds of Kazakhtelecom JSC on a particularly large scale. Kazakhtelecom JSC was recognized as a victim in criminal cases initiated against Satybaldyly K. and other persons involved.

The Mediation Agreement of 8 September 2022 on the settlement of the dispute and reconciliation of the parties by way of judicial mediation in a dispute that arose in the framework of a criminal case on the episodes "Discounts" and "Last Mile", the Company recognized compensation for damages in the amount of KZT 12,733,024 thousand, including VAT.

The court No. 2 of the "Baykonyr" district of Astana handed down a verdict dated 26.09.2022 on one of the criminal cases against Satybaldyly K. and other involved persons accused of committing criminal offenses provided for in Articles 28, Part 3, 189, part 4, paragraph 2, 195, part 4, paragraph 2 of the Criminal Code of the

Republic of Kazakhstan. According to the court verdict, the civil claim of Kazakhtelecom JSC was left without consideration, meaning that the effect of the previously concluded Mediation Agreement is not canceled. The judicial act entered into legal force within the prescribed period.

According to the dispute that arose in the framework of the criminal case on the episode "Rent of premises", allocated to a separate judicial proceeding, the investigation has not been completed. Since the Company was also recognized as a victim in this episode of the criminal case, a civil claim was filed on 31.05.2022 for compensation for property damage caused by the crime.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENTS (continued)

30. COMMITMENTS AND CONTINGENCIES (continued)**Judicial proceedings (continued)**

The full amount of damage specified in the claims filed by Kazakhtelecom JSC in the amount of KZT 14,353,966 thousand was repaid in full in 2022.

31. SUBSEQUENT EVENTS

On 19 april 2023 and 19 may 2023, the Group paid the next tranches for 5g frequencies in the amount of KZT 33,298,738 thousand.

The accounting policies and notes on pages 8 to 38 are an integral part of these interim condensed consolidated financial statements.